


**SIDE-LIGHTS
ON
REPARATIONS**

By **RALPH WARREN HILLS**

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A Series of Commentaries on International
Relations between 1922 and 1928

By RALPH WARREN HILLS

Second Secretary, American Embassy, Rome, 1915;
Captain, U.S.A., Military Intelligence Head-
quarters, Washington, 1918-1919

Author of *Lex Talionis*, an analysis of the forces whose
resultant produced the Treaty of Versailles; *The
Unliquidated War, from the Treaty
to the Dawes Plan*

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INTRODUCTION.

THE first of the memorandums and letters in this series was written in November, 1922, when the policy of the State Department under the Harding Administration was well under way and clearly understandable.

The period between the signing of the Treaty of Versailles in June, 1919, and the inauguration of the Harding Administration in March, 1921, was, in the United States, a period of political drift owing in part to the physical disability of the President, in part to his breach with the Senate, but above all to the utter confusion and mystification in which political ideas were involved by the wholesale falsification of information as to what had transpired in the Paris Peace Conference.

A headless State Department met its daily problems as best it could, seeking only to conserve practical American rights from day to day, and not too sure at any moment what those rights might or might not be.

The fiscal, financial and industrial world was in chaos. The collapse of Entente exchanges in the autumn of 1919 brought consternation and bewilderment in America and was quickly followed in 1920 by a profound industrial crisis. American industry suddenly checked its mass production of goods for export to Europe because its bills were ruinously

over-due. Yet the depression was not seen as attributable to this cause. The American banks were carrying the manufacturers, and the economists attributed the depression vaguely to the inflation of credit "which always follows war".

In the Presidential election the only realities discussed were those involving domestic issues. The foreign question which convulsed the Country was that of adhesion to the League of Nations, and there was minute examination of hypothetical issues connected with it, none of which had any relation to the real liquidation of the war which was not yet made. The Republicans opposed adhesion to the League and to the Treaty, and the Country elected them to power.

The new administration was the fortunate beneficiary of the enormous inflow of gold which began just before it assumed office and which was the normal result of unimpeded economic forces which were able to assert themselves because artificial political dispositions devised to neutralize them, had met shipwreck.

In Europe, 1920 was a year of frantic and extravagant schemes for shoring up the tottering financial structure, all involving the instant grant by America of lavish gifts of gold or credit. Germany was placed on the rack in order to extort official admission of liability for the indemnity; America was besought to buy European securities and send the cash at once. The famous Brussels Conference

was convened in September to bring about an instant stabilization of exchanges in some other way than the time-honored method of shipment of gold, only to find that it must pay its trade debts to American shippers, and pay them in gold.

The elaborate Official Report of this Conference—a ponderous tome—is filled with essays by the most eminent financial experts which are characterized by great erudition and learning, but not one of which lays down the simple economic principle that a depressed exchange can be raised only by shipment of gold across the frontier. A sardonic humorist might note the absence from this report of the letter read at the Conference by Mr. Roland Boyden setting forth the decision of Secretary Glass that exchanges could not be improved unless gold were shipped. Mr. Boyden's name appears in the list of delegates, but the pages of the report do not preserve his message for the benefit of posterity. Another generation of historical students who turn those venerable pages in search of light will probably conclude that the profound economic wisdom there disclosed must have had far-reaching results in 1920; but just what those results were or why they were attained will be no more clear to him when he has finished the last page than after reading the first. The action of the conference will remain a mystery to him—unless additional light is afforded him from outside the covers of the Official Report.

In the great flow of gold to America in 1921 Eu-

rope saw the exact reverse of what the Treaty of Versailles had been intended to accomplish and what it would have accomplished if the Senate had ratified it in 1919.

American statesmanship had made very little progress in clearing away obscurities when the new Administration entered office on March 4, 1921. The new Administration, therefore, gave the American people no new reading of the War settlement. It lost not a moment of time in throwing the weight of America into the scales against Germany on the Reparations question which was just coming to a head in Europe. By a most vigorous diplomatic intervention it compelled Germany to accept the London Ultimatum of May 2, 1921, which fixed a money liability of thirty-three billion dollars upon that State; and it gave notice to the Entente States that a prompt funding of debts was also expected from them. It thereby furnished Entente Europe with a plausible argument, which it did not have before, for the cancellation by America of ten billions of Entente debts by offsetting them against a German indemnity which the United States Government itself had forced Germany to acknowledge.

Then began the clamor for a "World Economic Conference" which would in a single transaction dispose of Allied and Associated debts and effect a permanent stabilization of exchanges—a sort of belated ratification by the United States of the Treaty of Versailles.

The State Department and the Treasury Department were wholly willing to enter such a conference—but the influence of the Congress restrained them. The elaborate Genoa Conference, to intense Entente disappointment, was held without American participation: there were divided counsels at Washington, and tortured Europe saw the cup withdrawn, as from the parched lips of Tantalus. Congress had its way, and the Debt Funding Commission was created.

This was in 1922. The debt settlements (without set-off against German indemnities) were now required by law and could not be escaped. It was a contretemps of terrific import in official Europe. Nothing like it had been contemplated in Europe's book. If the thirty-three billion dollars worth of German bonds were not bought in America (and they had been created for that purpose alone), and America insisted upon the funding of Allied debts to the United States, then these American debts would have to be paid out of taxation upon the Entente peoples, for the thirty-three billion dollars worth of German bonds, if disposable only on Entente markets, were no better than waste paper—"monnaie de singe," as Mussolini called them.

There followed bitter Anglo-French discord. France was for a united defiance of the American demands, but Britain did not deem it advisable to unite with the Continent in that cause. In dealing with America Britain must uphold the sincerity of

the Versailles financial settlement. The Baldwin delegation sailed at the end of the year and carried out the required funding of the British debt in Washington.

In considering the criticism that Washington was ungenerous, it should not be forgotten that Washington did not insist upon "commercializing" the British bonds, as provided in the funding agreement and as provided in the case of the German indemnity by the Treaty of Versailles. It did not post them in Wall Street where they would have been distributed among private purchasers from Maine to California—dedicated, like the Ottoman Debt, to perpetual traffic in the stock-markets of the World, and impossible of cancellation thereafter by a changing wind of domestic political opinion. Had this been done, the only possible way of extinguishing the debt would be by purchase of the bonds by the British Treasury itself, in the open market, as it found funds available for that purpose. There is a vast difference between this manner of distributing the obligations of a government and that which Washington has adopted in the case of the British debt. There is decidedly a question of governmental dignity involved. Also, it is always possible to effect a cancellation or revision of the debt downwards when all the bonds remain in the Treasury of the creditor government.

Viewing the state of the war settlement, or liquidation, at the end of 1922, it is obvious that

the international situation had become more complicated and more involved in serious dispute than at any time since the signing of the Treaty in June, 1919. This was due primarily to the official recognition and endorsement by the State Department of the settlements of the London Ultimatum of May 2, 1921. Before that date the United States had neither by word or deed officially recognized the existence of a valid German indemnity of thirty-three billion dollars. On that date it did so—and Europe, thereafter, had a plausible basis of argument, and an asset which it had not had before, out of which it might hope to liquidate all its war debts at America's expense.

The deluge of debt propaganda in the United States followed in 1923. Its partial success resulted in the Dawes Plan in 1924. The fundamental issues remain as unsettled to-day as they were in 1919, and mysterious movings in high finance mark the heavings of the troubled international sea.

The papers which follow were written from time to time, and in general their dates mark moments of international crisis. It will be seen that the effort in all of them has been to tie the contemporary situation to the real war settlement of 1918 from which, in the author's opinion, the international casuists have been too willing to divorce it.

December, 1922.

MEMORANDUM.

THE DECISION AS TO EUROPE.

AS the year 1922 draws to a close there is an evident quickening in the march of events in Europe. The instability of international relations increases and parliamentary discord grows. Four years of increasing insecurity, poverty, misery, and distrust of their rulers among the masses everywhere, make ordered government progressively more difficult. The collapse of the social structure generally appears to be imminent.

During these four years all of Europe west of the Niemen has been under the influence of the statesmen of the Entente countries. The personalities which have continuously shaped post-war policies are the personalities which were responsible for the Treaty of Versailles.

Although the people of the United States and most of their statesmen were unconscious of the fact, it was a pauperized Europe which faced the Americans in the Paris Peace Conference—a Europe whose greatness was gone. This was known to the European negotiators for, in each Entente state government and banking are one.

A course of action involving international and personal duplicity on a scale never witnessed before

in the world's history was then undertaken and has been consistently followed since. The organization through which Europe initiated this policy at the time of the Peace Conference was the Supreme War Council, as I have pointed out in other communications. The personnel of that body largely composes the European counsels to-day, and their fundamental purpose remains unchanged. That purpose was the assertion of a collective European solvency which they knew did not exist. False pretenses were the essence of it.

The object of their preoccupations was then, and has since been, not Germany but the United States. The vast framework of a European financial system which sustained untold treasures of wealth and credit in 1914 was carefully preserved after the armistice and its outward appearance of stability dishonestly maintained. Within this framework, after the war had done its devastating work, there was a vacuum—an aching void. It could be filled from one source, and from one source only, the vast treasure-house of the United States.

Credit alone could make this adequate source of wealth available. Hence every device known to human ingenuity, except hypnotism, was invoked to maintain the prestige of Europe in American eyes.

The Versailles scheme came very near to success. The Republican Senate alone, acting largely in the dark, by refusing ratification caused the collapse

of the schemes for credit. What the Senate did in 1919 has brought the European statesmen to the end of their rope in 1923. Had the Senate ratified the Treaty, conditions to-day would be very different in this country; an enormous proportion of American investments would be in the hands of the Europeans, Entente policies would dominate our own, and European social and cultural influences would be felt and accepted here at an ever accelerating rate. The development of a true national greatness in America might have become forever impossible.

But although the Senate refused ratification of the Versailles Treaty, and although that fact has played havoc with the elaborate plans of the European statesmen, bringing the Europe which they are striving to reconstruct to the verge of a bottomless precipice, they have not modified their basic plan or abated at all their purpose to gain a financial, and through it a political and moral thralldom over America. Like the Old Man of the Sea they would ride upon the shoulders of the Western Republic, and for the same purpose.

Observation of the course of action of the Entente Chancellries for the past two years leads to the conclusion that they have been deliberately courting the present crisis. It has not been in their minds for one moment to seek to rebuild the structure of Europe except by means of American wealth. Nothing has been done in good faith. The ruling element

is obsessed with pride and the craving for power, and the welfare of the masses is the least of its preoccupations.

They have sedulously spread the false doctrine among the people of the United States that the European and American civilizations are inseparable, and that one cannot fall without carrying the other down with it. The doctrine does not bear analysis, but if it were made to prevail in the United States then in order to save Europe, America might be induced to place its fortunes in Europe's hands. The European propaganda seeks to work chiefly through the apprehensions of the American people. It largely resorts to the psychology of fear, a patent instance being the warnings of Lord Robert Cecil that inventions have recently been made by which whole populations could be blotted out by attacks from the air.

A false statesmanship, then, has for four years been leading Europe deliberately upon a policy of ruin and suicide in the desperate hope that the Americans whom they regard as amateurs in government and Quixotes in idealism and generosity of national temperament, may be induced, in order to save Europe, to relinquish control of their purse-strings to Europe's governing class. This would doubly ameliorate conditions. It would send new blood coursing through the veins of an ancient organism, and turn to weakness the enormous political power of America which, though latent, they conceive to be a menace to themselves.

The issue remains to-day just what it was during the long negotiations leading up to the signing of the Treaty of Versailles. The European negotiators sought then, and nearly succeeded in attaining, intellectual dominance over the minds and consciences of the American people; permanent influence over the only government in the world which is directly responsive to the will of the masses of its people, and which it is possible to assail from the flank through the medium of foreign propaganda among the people. They have not abandoned confidence that the glittering prize may yet be won. The contempt which they show for public opinion within their own borders and their unscrupulous manipulation of it for their own purpose is sufficient evidence of the disingenuous motive which underlies the propaganda which they spread among the people of the United States.

They seek now to secure a loan of American wealth to Germany under conditions which will carry with it American approval and endorsement of the Entente interpretation of reparation obligations. Such a loan would fix American financial policy and would be but the forerunner of many larger ones. It would mean a blanket endorsement by the United States Government of the general policy of the Entente Governments since the armistice. It would mean, in a word, that American political genius has evolved since the armistice no higher and superior political philosophy than that which has

characterized the European councils since that date.

The four years that have elapsed since the signing of the armistice have shed a flood of light upon the Continent of Europe, and great historic facts that remained undisclosed during the Paris Peace Conference are becoming visible. Some of these may be stated as follows:

Parliamentary government in the Entente countries is a travesty. All power is in the hands of small ruling groups. The philosophy of life and of government which actuates them is the same, and takes small account of international and political morality. The sweeping repudiation of the principles of basic morality involved in the settlements of the Versailles Treaty reveals the character of the European political mind. The signatures to that treaty were obtained by a double process of treachery; duress imposed upon a partially defeated, but disarmed, enemy who had been promised forbearance; and duplicity, misrepresentation and fraud practiced upon an ally whose aid alone had saved them from defeat and who came with good faith into negotiation with them. Their basic purposes (disguised from America) have been the destruction of the German race, men, women and children, and the establishment of a moral dominance over the popular mind of America which would not only enlist the United States in this purpose but enable Europe, acting as one political organism, to so impose itself upon and dominate

the American consciousness that American wealth might be controlled and diverted in enormous quantities to European purposes.

Only a beginning has been made in revealing the cold cruelty on the one hand and the picaresque trickery on the other of the political philosophy practiced by the European negotiators at Paris. I have set forth elsewhere the part played by Lloyd George and the British Ministry in the manipulation of the British elections of 1918, the curtain-raiser which preceded the melodrama at Paris. These same men remain to-day in undisputed control of British policy. In France, too the men who in 1919 stood ready to wreck the European civilization unless the preposterous legend of a victory which was never won were foisted upon a credulous world and *carte blanche* given them to give the death blow to a prostrate foe, continue to hold unchallenged sway at Paris and to assert in the counsels of the nations an imaginary preeminence for a state whose honor in 1919 they themselves dragged lower in the dust than any Frenchmen had ever dragged it before.

Both in France and England the men of 1919 remain in power. They continue to mouth the shibboleths of democracy by which they were able then to gain their ends and by which they hope now to spiritually fetter the American democracy. Clemenceau aspires to a niche in history with Lafayette and Franklin; Lloyd George expresses a willing-

ness to be the Moses to lead Lincoln's Plain People into the promised land. Yet these men, and the men composing the powerful groups who control them, are unscrupulous and sordid and have not at heart the welfare of the masses of the people. The day cannot possibly be far distant when they will be unmasked by honest and fearless criticism, for of none of them can history write "He never sold the truth to serve the hour."

It is reported that in possible negotiations about to take place the United States will again take the position that Germany must pay all that she is capable of paying. This seems to me to involve endorsement by the United States of the status created by the Treaty of Versailles.

Europe has created the status quo and is responsible for all its consequences. Not a trace of responsibility is attributable to the United States. In the peace settlement the United States struggled to limit the settlement to honest reparations. In that struggle the strength and health of an American President were broken and exhausted. The United States stood for the cause to which it was bound, a peace of moderation, and for that cause alone. Its counsels were over-ruled and the European statesmen have since been free and untrammelled in the prosecution of their own policies.

As a matter of fact, and of the moral law which has prevailed throughout the world's history, Germany is not morally bound to honor a single

provision of the Versailles Treaty. Its sanction is the sanction of force and fraud alone. Informed men know that this is so. To some, even of these, it seems the better part of policy to uphold the credit of the Treaty and to maintain the existing status. This might make the work of the statesmen of this generation easier, but when it is realized that this appalling reversal of the necessary moral standards that hold civilization together may some day become a precedent in a peace settlement where, conceivably, we ourselves would be the weaker party, the consequences of acquiescence in it by the United States become apparent. In recent decades the great peoples of Asia have shown a tendency to follow the moral practices of the West: it is not to be supposed that a comprehension of the moral values involved in the Versailles settlement have escaped the observation of their statesmen.

In the evolution of the United States toward its historic destiny I am of opinion that a further drawing away from the counsels of Europe at this time is a necessary step. The only duty we owe in Europe is that of moral support to the German Republic for whose existence we are responsible. A loan to Germany which would carry with it endorsement of the Entente's schemes of settlement would destroy the moral position of the United States.

There is one purpose and one purpose only for which a loan to Germany from America ought to

be made at this time. In pursuance of the Entente's policy of destruction the population of Germany is now in a condition of dire want. A loan sufficient to relieve the food shortage, to be expended solely for this purpose, would be strictly in accordance with American traditions and entirely consistent with the peace agreement by which the war with Germany was brought to an end. A loan which by its terms committed the United States Government to support the moral philosophy of the Treaty of Versailles would set the clock back four years and involve the American people in the retrograde psychology of an outworn civilization.

This letter was in the nature of a protest against the broad policy which the State Department was prosecuting under Mr. Hughes. That policy refused to take as a point of departure any dispositions preceding June 28, 1919. In its contemplation, a world-wide settlement had been effected by the Treaty of Versailles and world-wide property rights and titles established. It looked upon the Treaty as a political, moral and social *fait accompli* and saw no legal or moral flaw in the successive steps by which the armistice agreement which brought hostilities to an end was developed or transformed into the settlements of the Treaty; or, if it saw certain illegitimate enactments in the instrument, or illegitimate measures taken during the armistice period, it did not regard them as such flagrant violations of world law and political morality as to justify challenge of the entire instrument.

Europe had undergone fearful strain and other regions of the Earth had been affected. The Treaty effected a juridical settlement of international relations and personal and property rights on a comprehensive scale; it undertook to quiet titles, and the Department of State did not propose to further agitate them.

But the State Department did not limit the scope of its policy at this point. The new Administration, in March, 1921, saw an Entente Europe visibly too weak to enforce the Treaty's punitive measures, and a Central Europe openly asking America's moral judgment as to whether those measures ought to be enforced. Without a moment's hesitation the State Department accepted the role of judge and affirmed the penalty of thirty-three billion dollars as fixed by the Reparations Commission, and President Harding recommended to Congress that we "engage under the Treaty."

This belated return by Washington towards that solidarity with Entente Europe which the Treaty of Versailles had contemplated, reanimated the discouraged chauvinists of France and Britain. The French Government began again to use the iron fist upon Germany, instituting a succession of vindictive demands, month by month, which could not be met, and which were consciously intended to create such a crisis in Europe as would result in political intervention by the United States Government.

At the end of 1922 Entente diplomacy was urging an immediate American loan to stabilize the German currency and an international conference to bring this about. There was heated anti-German propaganda in the United States which stifled the demand for critical examination of the rationality of the astronomical sums comprising the German tribute now endorsed by Washington.

On December 27, Secretary Hughes delivered his New Haven Address which reaffirmed the position of the Lon-

don Ultimatum that Germany must pay to the limit of her capacity. He desired that the question of how much Germany should pay at the present time should be left to the decision of eminent private financiers, taking the question out of the field of political contention. This address affirmed again the legal and moral sufficiency of the Versailles settlements, and closed the door of the State Department against any evidence of illegitimacies and moral flaws in the War settlement.

January 2, 1923.

MEMORANDUM.

THE BASIC POLICY OF THE UNITED STATES.

THE Treaty of Versailles was signed on the 28th of June, 1919, and since that time has been the law of Europe. The United States did not ratify it and is not a party to it.

Subsequently the United States executed a treaty of peace with Germany in which it reserved to itself rights which would have accrued to it under the Treaty of Versailles. It has not, however, demanded performance by the German Government except of claims in certain categories whose validity is established by the first armistice agreement. It has not avowed an intention to demand execution of obligations arising out of the conventions extending the armistice or of the Treaty of Versailles.

The Government of the United States, therefore, is free at this time to view the Treaty of Versailles and the European status created under it objectively and to fix its own policy untrammelled by embarrassing obligation. With the lapse of three years there has been opportunity to examine the larger significance of the Paris Peace Conference and to appraise European policies since that time.

The Versailles Treaty. The first conclusion, which the facts make a necessary one, is of tran-

scendent importance—that the Treaty grossly violates the contractual obligations to the enemy arising out of the armistice agreement. The data to be considered which lead directly to this conclusion are the principles and conditions of peace offered by President Wilson in 1918 with the approval of the allied nations, the notes interchanged by President Wilson and the German Government after the German offer of an armistice in October, the acceptance of conditions of peace by the Entente Governments on November 4 and by the German Government on November 5, and the armistice instrument of November 11.

When these documents are assembled and construed their meaning is singularly clear, and argument upon them before the bar of a legal tribunal anywhere would be superfluous. The discrepancy between this agreement which brought the war to an end and the settlement imposed eight months later is equally obvious.

The group of European statesmen who were responsible for the Treaty of Versailles, and who are still in power, were fully aware of the moral values inherent in the armistice agreement. It is a necessary conclusion from the facts that they consciously, deliberately and secretly repudiated its obligations and committed themselves and the peoples of their countries to a settlement of vengeance and plunder. The state of Europe to-day affords sufficient proof that the settlement was one of vengeance and plunder.

The motive of the Europeans at Paris was not disclosed: it was concealed, and is still sought to be concealed, with great care. But the developments of three years have disclosed it and its nature cannot but shock the conscience of Americans. The annihilation of the German State was one of the objects of the European negotiators but there was another and greater purpose in the accomplishment of which the annihilation of the German State was only a step. The purpose was to escape burdensome obligations to the United States and (by methods, as they believed, too subtle for the comprehension of the democratic mind) to gain moral domination over the national will of America which would subordinate it permanently to European leadership. There was imminent danger that the center of gravity of political power and dominance among Christian nations would be shifted to the western shores of the Atlantic. They were willing to take desperate means if necessary to prevent this eventuality. This purpose was strong enough to fuse discordant political mentalities into a single smooth-working machine. The Supreme War Council had created "unity of command" not only in the field but in the council chamber. Hostilities with Germany no sooner ended than war through negotiation was opened with equal intensity and unity against America.

The indemnity of thirty-three billion dollars solemnly imposed upon Germany was an asset

which the Supreme War Council created out of thin air, to which the personal talents of the European negotiators at Paris were able to give substance and verisimilitude, and which it was the purpose to offer in all seriousness at par to the American Treasury and the American investing public, in payment of allied obligations to the United States.

The elaborate and ingenious duplicity necessitated in order to carry this vast purpose through was successfully practiced at Paris; a copy of my book *Lex Talionis* is appended hereto and points out certain of the methods by means of which the treaty was consummated. The refusal of the American Senate to ratify the treaty played havoc with the European plans and has brought to nought what was no doubt the vastest and most extraordinary political and financial conspiracy in the history of the world.

The first phenomenon which unmasked the financial dishonesty of the Treaty, after the Senate's refusal to ratify it, was the sudden realization which came to American merchants and manufacturers in 1920 that Europe's capacity to pay was greatly impaired. The handsome façade of solvency erected by the European negotiators at Paris had inspired American manufacturers and producers to great activity in 1919; there was great business prosperity. When the European market failed in 1920 American business was faced by the overproduction of that year and the dangerous condition

of frozen credits which was so difficult for the banks to relieve. This dangerous and difficult situation was the direct result of the dishonest settlement at Paris. Eventually American business succeeded in readjusting itself to an environment in which the European market was eliminated, and it is not now and will not in future be dependent upon that market if true conditions are faced and recognized.

Another phenomenon which necessarily followed the refusal of the American Senate to ratify the treaty was the rapid fall in the exchange rate everywhere in Europe and the recourse to valueless paper currencies. This phenomenon would not have occurred had the United States ratified the Treaty, for loans from America and receipts from securities sold to the American public would have saved European credit under skilful financial manipulation.

Comprehension of the financial state of Europe has broken very slowly in America. This is due to the fact that European statesmen are as reluctant to disclose the facts to-day as they were during the Peace Conference. The façade of solvency has not been taken down; the political philosophy underlying the Paris conspiracy still prevails. The European will to power would choose to reduce the United States to a state of weakness equal to that of Europe rather than to become dependent upon a preponderant power arising in the provincial regions of the Western Hemisphere.

That the attitude of Europe involves real political hostility to the United States is borne out by the campaign which was carried on so pertinaciously for two years to indoctrinate public opinion in the United States with the belief that the United States should become a party to a convention stabilizing European exchanges on arbitrary bases. While as a matter of fact the experts who preached this doctrine knew that it was only a device to siphon the wealth from full reservoirs in the United States into empty ones in Europe and that its effect would be to weaken enormously the resources of the American people, the character of their arguments seemed to indicate that such action would be beneficial to the people of the United States and enhance their prosperity. The mental processes of these experts of high personal reputation appear no different under psychological analysis from those of financial sharpers who sell worthless stock. Reference to the files of the public press in 1920 and 1921 will show the diversity and ingenuity of their appeal.

During the present year, as the philosophy of the Versailles statesmen is carrying them close to an impasse and Europe to catastrophe, their appeal to America is growing more emotional and is addressed primarily to the generous sentiments of the American people. Sir George Paish, while within our gates, went so far as to suggest that the people force their Government to take the action

he advocated. Sometimes the suggestion comes that the United States may soon be involved in another great war unless they follow the suggestions that European leadership offers them. Lloyd George has recently offered to be the Moses to lead Lincoln's Plain People into the Promised Land. The European propaganda is skilful and varied and it appeals equally to the sentiments of vanity, cupidity and fear. Its spokesmen unconsciously manifest a contempt for the qualities of the American intellect and the American character.

The statesmen who control the destinies of Europe to-day are the same personalities who are responsible for the Treaty of Versailles. During the three years that have elapsed since then their philosophy of government has undergone no change for the better. It continues to be directed primarily to the moral conquest of public opinion in the United States where government is sensitively responsive to the popular will, in order to subordinate American foreign policy to European purposes and prevent the development of preponderant political power in the Western Hemisphere.

There is, perhaps, nothing which reveals how hopelessly cruel and sinister the philosophy is which actuates these Entente statesmen as surely as does the fact of the undiminished hatred for the Germans which still persists among the Entente peoples after four years of peace. This is a phenomenon which is not explained by natural causes;

unless artificially stimulated it would be abated by the single influence of the lapse of time. The statesmen have purposely kept it inflamed, for if it flagged governments would lose support for the policy of enforcing integral execution of the Treaty of Versailles and they would no longer possess even the shaky asset of German indemnities to support the façade of solvency. There perhaps could be no more cowardly resource for statesmanship than the plea, by which they have already imposed upon the United States Government, that popular opinion in France and England compel their governments to maintain an uncompromising attitude on the question of "reparations." As a matter of fact, insofar as popular opinion manifests an intransigent character it is the direct result of propaganda by the governing group. This is easily demonstrated by an examination of the daily and periodical press in France and England since the signing of the treaty.

The sordid, dishonorable and dishonest character of the European official mind cannot but suggest the possibility that under the great biological law the communities of Europe have reached the limit of their intellectual and moral growth, and that under any circumstances their political conceptions and the character of their political standards are such that they cannot legitimately assert the moral influence over America which it is still their ambition to retain. This would only expose the new

and vigorous civilization of the United States to contamination and debasement.

There is one basic policy with reference to Europe, and only one, which the United States Government should take at this time, and it lies at the very foundation of the Nation's future welfare, honor and greatness. It is:

1. To declare that the only rights which the United States can lawfully claim against Germany are such as arise out of the armistice agreement which brought hostilities to a close: that it does not assert that Germany is bound to pay to the limit of her capacity (for by the armistice terms the amount was concrete and susceptible of fixation.)

2. That the question whether Germany was responsible for the war cannot lawfully be made a measure of damages, and that the United States does not endorse a punitive peace.

3. That the Treaty of Versailles does not have the support of the United States. That the United States has no purpose of assailing the settlements of that treaty so far as Europeans and the European nations are concerned, but that it will have no part in the execution of its provisions.

Such action by the United States will constitute the first great step toward sanity in international relations that has been taken since the armistice. It will restore the moral position of the United States which should be immeasurably higher than that of the European governments. It will also

point the way which, if the European nations choose to follow it, will emancipate them from the blight of a false political philosophy and lead them onto the only possible road to real reconstruction.

This memorandum, written against the background of *Lex Talionis*, which had just been published, considered in connection with the contents of that book, reveals in broad outline the author's interpretation of the Armistice Agreement, the European motives dominating the Paris Peace Conference, and the real purposes of the Treaty of Versailles.

After leaving the Army in 1919 I devoted myself to an analysis of the material which I possessed as a result of my service at Military Intelligence Headquarters, supplementing it by researches in the Library of Congress, in Departmental records, and also in British and Continental published records, press dispatches and other writings. About the time of the Washington Conference for the Limitation of Armaments I began to contribute voluntarily to the War and State Departments items of information which it seemed to me might be of value.

In the autumn of 1922 it was my privilege to be assigned to active duty for several months at the Army War College where the instruction was of much value to me, and where I was given free access to the military records of the War Department.

In the spring of 1921 I had not yet succeeded in casting aside the valueless mass of tendentious matter that passed for political records, and in collecting, collating and evaluating the trustworthy information from which sound conclusions might be drawn. But I was profoundly

shocked to see the new Administration instantly align the United States with the Entente Governments in the policy of the London Ultimatum of May, 1921; for the ever-brighter light that research was throwing in dark places seemed to me to counsel caution in Washington on the question of a thirty-three billion dollar German indemnity. The great majority given Mr. Harding in the Presidential election had been won upon a promise that the United States would not ratify the Treaty of Versailles, adhere to the League of Nations, or become entangled in European controversies. The Hughes policy ignored these campaign promises and opened a vista of vast international complications.

The researches involved in writing *Lex Talionis* cleared away much that was false in the accepted interpretation of military events, of the way the War ended, and the way the peace was made. Current events in 1920 and 1921, both in Europe and America, gave strong confirmation of conclusions which it was now not difficult to draw, upon the purposes and motives underlying the peace settlement.

These current events were in two categories, the political and the economic. More and more, after 1921 it became necessary to examine the aspects of international finance, the condition of national currencies, the policies of banking systems, the movements of gold bullion. It became evident that there was no possible separation in a study of international relations of political facts and economic facts. Economic experts could play no role beyond that of agent of a politico-economic power. The suggestion made by Secretary Hughes in the New Haven address that the capacity of Germany to pay be fixed by economic experts implied plainly that the broad and controlling politico-economic decisions had already been made by Entente-American political authority.

With the advent of 1923, therefore, a definite foreign

policy was well under way and being vigorously prosecuted. It rejected in toto the facts which I had accepted and the conclusions I had reached. It was a policy apparently approved by the weight of authority in political, financial, economic, educational and religious fields of American thought. There was no publisher willing to put *Lex Talionis* on the book-stalls and no readers except small technical groups in Washington who were interested in the interpretation of events which I had made. These essays diverged so greatly from accepted beliefs that they were regarded as confidential or secret communications to be carefully withheld from publicity. The story of how the War ended was a closed chapter; none were willing to have it reopened. The privilege remained to the writer, however, to address the Government itself, and of this privilege he continued from time to time to avail himself.

PUBLIC REPUDIATION OF THE VERSAILLES TREATY.

February 10, 1923.

The Secretary of State.

Sir:

I have the honor to submit for your consideration certain facts and conclusions which it seems to me are necessary elements in the determination of American foreign policy. The facts have been weighed with impartial purpose and the conclusions have been sought in a spirit of scientific accuracy. They are submitted in the belief that it is the duty of any patriotic citizen to put at the disposal of his government any information which in his opinion may be of value.

No authoritative pronouncement of Government has been made as to the significance, weight or meaning of the utterances of the President of the United States in October, 1918 contained in his notes to the German Government leading up to the signing of the Armistice of November 11. As we emerge from the confusion of war it is necessary to classify these notes in some category of proceedings known to international law or the laws of war.

If it is the finding of authoritative judgment that these utterances were made in good faith then the conclusion follows that their acceptance by Germany on November 11 closed an agreement which became binding both on Germany and the Associated

Governments. This agreement was set forth with singularly clear definition; it limited reparations and excluded punitive measures. The Treaty of Versailles imposed eight months later was a treaty imposing heavy retributive penalties. The conclusion therefore follows that an obligation of good faith did not inhere in the October interchanges, or that the Treaty of Versailles violated good faith.

The European school of interpretation holds that the armistice of November 11 did no more than effect a cessation of hostilities, that the representations which induced it created no continuing obligation, and that under the admitted principle that victors may legally impose upon the vanquished such a treaty as their military power enables them to impose there can be no question of the validity of the treaty of Versailles under the principles of international law. It is to be noted here, however, that the Associated Governments necessarily depended upon the October agreements to secure the voluntary disarmament of the German military forces and that the victorious relationship did not supervene until the middle of December when German disarmament was complete. In order to render Germany defenseless it was necessary to call upon her government to carry out in good faith after the armistice an agreement made in October.

It will be seen that if the validity of the Versailles Treaty is to remain unquestioned, the fact of military victory by the Associated Governments

and surrender by the German army must be admitted. It is only to the victor that the spoils belong. But on November 11 the German army was not beaten in the field. By methods, therefore, which must be reconciled with the principles of international law and the laws of war, the reducing of the enemy to impotence was secured between the dates of November 11 and December 20. This was accomplished, as stated, by obtaining voluntary disarmament on his part in compliance with an arrangement made in October. When in December, power of resistance by the German State was entirely gone, military victory was proclaimed throughout the Entente countries and the purpose to impose the peace of victory was declared.

If, therefore, as the Treaty of Versailles proclaims to the world, the Associated Governments won an overwhelming military victory over Germany (such as alone in international law justifies the imposition of such a treaty) the conclusion must be accepted at once that the October notes of the American President were a legitimate device of warfare, a solvent which disintegrated enemy morale, transmitted under conditions where the obligation of good faith did not attach. Under this interpretation of the significance of the October notes there seems to be no other category under the laws of war to which they can be assigned than that of the *ruse de guerre*.

There can be no doubt that the October notes

were transmitted in good faith. It does not seem possible that any American who is jealous of the honor of his country would brook denial of this statement. The words of the notes appeal to lofty standards of honor and the disarming of the enemy is requested in the name of "good faith."

There are here but two alternatives. The United States Government and the American People must affirm the good faith of an American President in negotiations with the enemy for peace, recognize the validity of that agreement, and refuse to recognize a settlement which violated it: or, in accepting the validity of the Treaty of Versailles they must deny the validity and the good faith of the utterances of an American President.

It might be said that the fact that the President eight months later signed the Treaty of Versailles validates that instrument for the United States Government, notwithstanding the character of earlier negotiations with the enemy. It is the belief of the writer that the signature of the President to the treaty was obtained by fraud and that the fraud is susceptible of proof. If this is so it would invalidate his signature.

It is indeed fortunate that it is possible to show that the signature of the President was obtained by fraudulent methods. Otherwise it would have to be admitted either that the President had at no time been actuated by good faith in dealing with the enemy and that his only purpose in making

representations during hostilities which would induce him to lay down his arms was to reduce the enemy to impotence in order that a victorious peace might be imposed; or that the honest purpose of abiding by the October obligations was subsequently discarded for reasons of expediency.

Under any of these circumstances it would be impossible for the United States Government today to admit itself bound under the obligations of the Treaty of Versailles, for it must assume that the representations made to the German Government in October were made in good faith. The evidence that they were so made is overwhelming, and the American people would be stultified if this were not so. If these representations were made in good faith, then the German Government which disarmed its army in reliance upon them, was entitled to rely upon the honor of the United States Government that the peace agreement accepted by the Entente Governments at the Trianon Palace Hotel would be carried out.

It cannot be clearly understood how fully the German Government must have relied upon the good faith of the United States Government in accepting the disarmament terms unless it is realized what enormous powers of resistance the German State was able to oppose to Entente demands in the peace settlement. Its extraordinary resistance to the pressure of a ruthless six months Post-Armistice food blockade is the measure of the military

resistance which it would have been able to oppose to the Entente armies if the armistice of November 11 had not been signed.

The writer believes that for the United States the Treaty of Versailles would be voidable for fraud even if it had been ratified by the Senate. If the thesis is admitted that the utterances of the President in October were made in good faith, that they form an integral part of the armistice agreement, that that agreement was and is binding upon the parties, that it was in fact a protocol of peace whose terms could not subsequently be varied, then the Treaty of Versailles, on the part of Germany, becomes voidable for duress, for the German signature was not secured and could not be secured until six months of relentless starvation had destroyed the will to resist.

Evidence has already been set forth in other memorandums that in the Paris peace conference the financial motives of the Entente Governments in negotiating with the United States were tainted with fraud, that there was even at that date a conscious purpose to foist upon American private investors, if possible, thirty billion dollars of German indemnity bonds, and that this motive was primarily political and arising out of the determination that the realities of power should not be allowed to shift to the western shores of the Atlantic. This point, however, leads to a discussion of the relations of the Entente Governments with that of the United States.

It is intended here to confine the discussion of the Treaty of Versailles to its bearing upon the contractual relationship of the Associated Governments to Germany.

The legal and moral philosophy which underlies the Versailles Treaty is inconsistent with the law and morals which are preserved in the statutes and traditions of the United States Government. The Government today cannot uphold that treaty, or aid or abet the Entente Governments in upholding it without departing from American law and tradition. But unless the Government publicly repudiates it, declaring it to be in violation of the binding obligations fixed by the armistice terms, the Government's position becomes permissive and is tantamount to acquiescence in the Entente interpretation of it and in Entente policy. Moreover it prolongs a perilous period of uncertainty in which the Entente Governments are enabled to conduct an unscrupulous propaganda for the conquest of American public opinion which if successful would result in an ignominious thralldom to a treacherous leadership.

It is therefore respectfully submitted that the United States Government has no other course but to make public declaration that its rights and obligations with reference to Germany are limited and fixed by the pre-armistice agreement, that it denies the validity of the principles underlying the settlements of the Versailles Treaty which have the ef-

fect of curtailing, infringing or impeding the proper execution of the pre-armistice agreement, and that all measures taken and settlements effected under the sanction of the Treaty which are inconsistent with the pre-armistice agreement are, so far as they affect the course of the United States Government, void and of no effect.

If it is right that the foreign policy of the United States should be erected on these basic principles then the question rises whether it is practically possible to initiate it with the support of the country and whether public opinion would accord it definite and permanent support. (If it were possible to do so this paper would confine its discussion of foreign policy to considerations which did not involve domestic politics. Inasmuch, however, as under our structure of government the people reserve to themselves the right to control foreign policy by their decisions at the polls, the establishment or maintenance of a foreign policy today cannot be visualized without reference to the factor of domestic politics.)

There is no doubt that the uninstructed judgment of the American people was shamelessly misled by European propaganda in 1919, that the psychology of victory was so deeply implanted in their minds by means of a false statement of facts, and the righteousness of the demand for retribution made to seem so clear to them, that the denial now of much that was accepted then will be resisted and resented

by that great majority whose emotions habitually dominate their judgment. It is also to be borne in mind that the same powerful European influences that dominated the psychic condition of the American public in 1919 have never remitted their efforts to retain control over it. It is the psychology of hatred alone which gives to the Treaty of Versailles the support of public opinion. The vast and factitious financial structure which has been built upon the Treaty would instantly fall with the treaty if the spirit of hatred upon which public opinion has been systematically fed for four years had not been constantly fanned by European chancelleries.

Notwithstanding the continued suggestions from Europe the mind of the American public is clearing; the influence of the European opiate of 1919 is being thrown off. Almost within a fortnight two episodes have occurred which indicate that the European influence is waning; a frantic propaganda to justify French occupation of the Ruhr has had some success but in general has left the country cold; and international financial influences in New York have for the first time been unable to create an atmosphere of apprehension because of menacing political developments in Europe.

The country is ready and anxious for a policy which definitely renounces European influences. It is to the interest of New York financiers that they see and realize this fact. For many years their

minds have been intrigued by the glamor of European culture and this fact entangled them disastrously in the meshes of European policy after the war closed. Partnership in financial adventures conceived in Europe, having European political aims behind them, cannot possibly be reconciled with good citizenship at this juncture. Western finance will not follow international bankers into Europe and if New York bankers undertook to cooperate with European financiers in investments depending upon the hazards of European politics this course would lead them inevitably to loss of influence at home.

The vague aspiration that the United States should do something at once to cure Europe's ills is passing. It was the logical development of the false psychology of 1919, and the people are now waiting for the enunciation of a sane and honest policy of nationalism.

To clear the way for the announcement of national policy the first step to be taken is the release to the public of all the facts which show how the war ended and under what conditions the Treaty of Versailles was signed, to sweep away the legend which a dishonest and hostile European intrigue foisted upon the American people as true. This will have the effect of enabling American public opinion to see Europe in true perspective, and the European propaganda which has so long had the people at its mercy will lose its influence.

To destroy the legend as to the way the war ended without at the same time giving them a new conviction which they could grasp with equal emotional intensity would be to fail in an effort to properly inform the people. But the true story of how the war ended will provide a new and better tradition, one which reaffirms American principles, places American policy upon a plane which all can understand, and which cannot but gain the support of the majority irrespective of previous party affiliations.

The true facts, heretofore buried deep under successive blankets of propaganda, are in existence, they are available and they are convincing. It is necessary that they be understood in America if the natural evolution of American civilization is not to be turned aside. The net result of the general discussion which would take place would leave these basic truths in the minds of the American public:

1. That President Wilson meant what he said in the October notes.
2. That the United States was morally bound by the Armistice agreement.
3. That the German army was not beaten in the field and could have continued to fight for many weeks or months.
4. That without the aid of the American Army the Entente would not have won.
5. That President Wilson's peace terms were concrete, practical and just; that the Entente Governments were bound by them.
6. That the Peace of Versailles was one of inhu-

man cruelty; that the German signatures were secured only by subjecting that nation to eight months of pitiless starvation; that this was done in violation of a peculiarly solemn moral obligation and that, therefore, the treaty is characterized by perfidy and treachery to the enemy on the part of the Entente Governments.

7. That the German indemnity was placed at such a fantastic figure as to be worthless; that nevertheless the Entente negotiators hoped to dispose of these worthless securities to the American public and thereby save their own treasuries from bankruptcy.
8. That the United States is self-contained and is not dependent upon Europe. That in their international relations the European governments are corrupt and treacherous and that all American policy should be shaped with this fact in view; that the Germans are not an outlaw race and that the European complex in general is of less consequence in its bearing upon world welfare than the European statesmen would have us believe.

If the administration should announce itself in direct opposition to the French doctrine that a peace of victory could legitimately be imposed upon the enemy, and assert the limitations upon the victors which inhered in the armistice agreement, outlining furthermore a foreign policy which excluded European influences from our counsels, this policy would no doubt be made the issue in the next Presidential campaign. A period of twenty months must elapse before the elections of 1924. If at an early

date the public were permitted to have and discuss the real facts as to the conclusion of the war and the making of the peace of Versailles there can be no doubt that by the 4th of November 1924 the thick mists of Entente propaganda would be swept away and there would be a general and common understanding among the people upon which as a foundation a sane and permanent foreign policy could be established.

Among other political parties than that now in power there are now no leaders who really know how the war ended or whose minds are free from obsessions which make their leadership unsound. It would not be in their power to offer to the people a policy which would ring true or sustain an informed attack. On the other hand a concrete, vigorous and courageous policy, repudiating the principles underlying the Versailles Treaty and rehabilitating the armistice agreement, already instituted by the Republican administration, would be based on principles so sound, and on facts so uncontrovertible, that Republican victory would be assured and with it the power and authority to carry into execution a policy, sane, salutary and necessary, which would fix for all time a definite relationship between the United States and Europe.

Very respectfully,

This letter was written with full consciousness that it directly challenged State Department policy. No reply was made to it. Several officials of the Department had copies of *Lex Talionis* and unofficially manifested interest in its thesis, but I could not expect them to express adherence to views which were inconsistent with the policy to which the Department was committed.

I left a copy of the letter at the War Department also. Here my communications were received with franker interest, for they began with an examination of military conditions on the Western Front before hostilities had ended and dealt with military and naval developments during the seven months of armistice status, a legitimate subject for examination and review by the General Staff of the Army. However political authority might choose to interpret, or to permit interpretation, of the military aspect of the War's conclusion, it was vitally important for the information of military strategists of a future generation that the studies of the General Staff should be based on realities and that they should overlook no facts of strategical and tactical importance in estimating cause and effect at any time preceding the signing of the Treaty of Versailles. In the secluded counsels of military and naval authority, therefore, I could be assured of detached and objective consideration of whatever might have genuine probative significance and military value. More than this I could not expect from military men.

MR. BARUCH NOT QUALIFIED TO SPEAK.

March 20, 1923.

The Secretary of War,
Washington, D. C.

Sir:

I have the honor to invite the attention of the War Department to certain implications in an interview with Mr. Bernard Baruch appearing in the Washington Post of March 19th instant, which, it seems to me, raise questions of importance not only for the War Department but for all the Departments having to do with Foreign Affairs.

After interviewing Mr. Baruch the correspondent sums up his position with reference to German reparations under eight headings. Mr. Baruch's position as there set forth is identical in every respect with that of the Europeans.

The article states:

“The present attitude of the United States Government with reference to the reparations problem is necessarily based to a large extent on the first-hand investigation made by the foremost American economic experts who were on the commission on reparations. Their report contains the official data upon which American action has been based, and the importance of this work has been emphasized and enhanced by the fact that the deductions and conclusions reached by Mr. Baruch and his associates on

the commission, Norman H. Davis and Vance C. McCormick, have now been accepted as accurate by British experts and others who have devoted themselves to the task of estimating Germany's actual ability to pay" . . .

If the correspondent's statement that "the present attitude of the United States Government . . . is necessarily based to a large extent on the first-hand investigation made by the foremost American *economic* experts who were on the commission on reparations" is made advisedly, then it would seem to the writer that the Government has been led into an error that involves serious consequences.

In this connection attention is invited to a news item in the Washington Star of December 22, 1922, reporting remarks made before the Council of Foreign Relations at a meeting the previous evening. Mr. Thomas Lamont voiced views similar to those held by Mr. Baruch. Mr. John Foster Dulles is reported to have spoken as follows:

"Another speaker, Mr. John Foster Dulles, a former member of the reparations commission, declared the present difficulty in the reparations question was due largely to the stand former President Wilson took after Lloyd George expressed disapproval at the omission of an allowance for pensions in the reparations.

'It is the situation which Mr. Wilson created then that now affects the whole problem,' said Mr. Dulles, 'and the American people should not be disinterested in undoing it.'

“Mr. Dulles related that the move of the allies at the early sessions of the peace conference to force Germany to pay the total war debt was blocked by a wireless message sent by Mr. Wilson from the George Washington when he was returning to America. In this radiogram the former President declined to put war costs in the reparations claims, said the speaker, who maintained that it was not until Lloyd George expressed opposition that Mr. Wilson changed his position.

‘This was a historical episode,’ said Mr. Dulles, ‘for at the stroke of a pen Germany’s credit was destroyed and the reparations total was increased from ten to thirty-three billions, a sum Germany never can or never could pay. It set up hopes among the peoples of the allied countries that never can be realized. It led the German people to believe that the fourteen points of President Wilson were merely a clever trap into which they were led to lay down their arms.’”

It will be noted that in the editorial in the New York Tribune, reprinted in the Washington Post on December 23, 1922, the statement is made: “So he (Mr. Dulles) vigorously opposed the inclusion of pensions and war allowances in the reparation total, *holding besides that no such extension of Germany’s pecuniary obligations was contemplated in the Wilson terms on which Max of Baden’s government committed itself to an armistice.*” I am also informed that at the meeting of the council of foreign relations Mr. Dulles stated

that as *legal adviser* to the American delegation, and speaking with its authority, he announced officially in the early meetings of the reparations commission that the acceptance on November 4 of the armistice terms by the allied and associated governments constituted a limitation upon their right to impose indemnities; that at that time *this was the position of President Wilson* and that afterwards he was swept off his feet. Mr. Dulles' remarks indicated that he holds the same legal beliefs today.

There is, or was in 1919, a copy of the minutes of the first six meetings of the reparations commission in M. I. 2 files of the War Department. They disclosed Mr. Dulles as the official spokesman of the United States, stated that he affirmed the legal principle that the agreement of November 4 was a limitation on the right of the allied and associated governments to impose indemnities, and set forth the position of Lord Sumner on behalf of the Europeans in the negative.

The attention of the Department is invited to the grave implications involved in the discrepancies between the positions of Mr. Baruch and Mr. Dulles. In the first six meetings of the reparations commission Mr. Baruch could not speak with authority; he was an *economic* expert. The first and most fundamental question was the legal one. On this question the official position of the United States Government was stated by Mr. Dulles, under instructions. By these proceedings the United States

committed itself definitely to a certain legal and moral principle. It subsequently receded from its position and accepted the European view of which Mr. Baruch and others are now the spokesmen in the United States.

I would respectfully urge upon the attention of the Government that the issue upon which the United States Government yielded to Europe after those early meetings of the reparations commission was one which falls in the category of questions which, under international law, governments never submit to arbitration. A proud sovereignty never permits the foreigner to decide its moral duty for it. Yet in 1919 the United States reversed its definite moral convictions at the behest of foreign statesmen.

By reason of his official position in February, 1919 Mr. Dulles' testimony today must have greater authority than that of Mr. Baruch as to the controlling question with reference to reparations. Involving the national honor, as this issue does, it would seem that the Government now has enough evidence at its disposal to justify it in reexamining the evidence and the arguments so voluminously furnished by its economic experts of 1919 from a more critical point of view.

Very respectfully,

Secretary Hughes' New Haven Address was followed by rapid developments. It had reaffirmed the essence of the French thesis, and in French eyes justified France's policy of military dominance of Germany. It freed her chauvinists from fear of American moral condemnation, which before the London Ultimatum had been a powerful, if unseen, restraining influence.

In January, therefore, a French army invaded the Ruhr, and the frightful European disorganization of 1923 followed. The funding of the British debt at this moment was an element in the international situation, events in Europe having been molded for some months with the object of forcing an American intervention involving a postponement of debt negotiations with the British alone and, instead, a comprehensive financial settlement effected along lines of European suggestion. It had been thought that the threat of invasion of the Ruhr would be sufficient to bring Washington into conference.

These manoeuvres did not, however, deflect the State Department from the policy enunciated in the New Haven Address. That policy demanded abdication by the Entente Governments and the Reparations Commission in favor of private financiers who should fix the maximum amount of the annuities which Germany could raise, and would herself undertake to raise, in consideration of and with the assistance of a loan of real money from America.

In March, 1923, the press was informed that the attitude of the Government with reference to the reparations problem was based upon the judgment of Mr. Bernard Baruch, Mr. Norman Davis, and Mr. Vance McCormick, who had been the American members of the Reparations Commission at the time it was organized as a part of the Peace Conference machinery in February, 1919. They, in conjunction with British colleagues fixed the German indemnity at a figure which was later reduced by the London Ultimatum to the sum of thirty-three billion dollars.

In *Lex Talionis* (1922) I disclosed publicly for the first time the fact that in the first meetings of the Reparations Commission Mr. John Foster Dulles, Legal Adviser to the American Delegation, informed the Reparations Commission that the United States Government held that the agreement of November 4 constituted a limitation on the right of the Allied and Associated Nations to impose pecuniary penalties; and that the British Delegation took the opposite view.

On December 21, 1922, the statement was publicly confirmed by Mr. Dulles himself, with the further declaration that this was the position of President Wilson.

Inasmuch as, under the policy of the New Haven Address it was the purpose to impose upon Germany a pecuniary penalty limited only by her capacity to pay, the State Department perceived that it must have specific authority for its position. It turned, therefore, to President Wilson's economic advisers in the Peace Conference and not to his legal advisers.

These gentlemen by virtue of their commissions could not possibly have had anything to do officially with the primary decision as to whether Germany could be lawfully required to pay in a measure fixed by the limit of her capacity. They were not lawyers or statesmen; they were economists and financiers. If the State Department in 1923 sought authority upon the legal aspects of the Reparations question, it was obligated to go to Mr. Dulles or some other legal adviser of the President at the Peace Conference.

But the State Department long ago had made its decision upon the Reparations question—at the time of the London Ultimatum, and at that time it had ignored Mr. Dulles as an authority. In 1923 it informed the American public that it rested its position upon Mr. Baruch's authority. Yet the State Department knew that President Wilson, through Mr. Dulles had informed the En-

tente Governments that the agreement of November 4, 1918, was a limitation upon the right to impose indemnities, binding in law and morals. It knew that this was President Wilson's position at the time he returned to the United States for a few days in March and after he returned again to Europe, and that it was not until after his health and mental faculties gave way in April that he renounced his position and yielded to the European thesis.

In these facts, and not in the recommendations of Mr. Baruch, lay the foundation for the only correct policy for the United States Government to follow at a later date. But in 1923 the State Department accepted the usurped authority of Mr. Baruch whose opinions "had been accepted as accurate by British experts and others who had devoted themselves to the task of estimating Germany's actual ability to pay."

The letter of March 20, 1923, I addressed to the Secretary of War. On March 21 I received the following acknowledgment:

War Department

Office of the Chief of Staff

Washington

March 21, 1923.

Captain R. W. Hills.

My Dear Captain Hills:

Colonel Naylor has read your communication of March 20 with great interest and he wishes me to thank you for giving him the opportunity of seeing it.

With best wishes, I am

E. R. McCabe,

Lt. Col. Field Artillery,

Chief, M. I. T.

Two weeks later I received the following letter from the State Department:

Department of State
Washington

April 4, 1923.

Mr. Ralph W. Hills,
etc.

Sir:

I beg to acknowledge the receipt, by reference, from the War Department, of a letter, dated March 20, 1923, regarding German reparations.

I am, Sir,

Your obedient servant,

For the Secretary of State:

Leland Harrison,
Assistant Secretary.

BRITISH CONFESSION OF ARMISTICE BETRAYAL.

April 6, 1923.

The Secretary of War.

Sir:

Referring to my letter of March 20 inviting the attention of the Department to remarks made by Mr. John Foster Dulles before the council of foreign relations last December disclosing the fact that the position of the Government of the United States, upon the organization of the Commission on Reparations in February, 1919, was that the armistice agreement limited the right to impose indemnities, and calling attention to discrepancies between the position of Messrs. Baruch, Hurley and McCormick on the one hand and Mr. Dulles on the other; I would respectfully invite the attention of the Department to certain disclosures recently made in England.

An address delivered by Mr. L. J. Maxse on February 9, at Aeolian Hall, London, at which the Duke of Northumberland presided, is published in the National Review for March, 1923. I quote parts of it:

“The reparations crisis from which the whole world is now suffering—which became such a nightmare to France that her sorely taxed patience at last gave out—this crisis originated in the brain of President Wilson who took upon himself in the glorious year 1918, when, thanks to no talking men in either hemisphere, but ex-

clusively to the fighting men, disaster had been converted into triumph, President Wilson with the guilty acquiescence if not the connivance of allied statesmanship, took upon himself to reconvert the victory gained in the field into something as near diplomatic defeat as the circumstances permitted.

We did not realize this at the time—even people like myself who are preternaturally suspicious of politicians, had little inkling of what was in the wind when President Wilson was allowed by the allied governments to monopolize the negotiations with the beaten German enemy that preceded the armistice. As the armistice was a military and not a political matter it should have been left in the hands of the soldiers of the allied armies—Marshal Foch should have informed Marshal Hindenburg of the terms on which Germany's unconditional surrender would have been accepted. This would have taught every German as nothing else could who had lost and who had won the war, thereby affording distracted and impoverished Europe a decent prospect of permanent peace. * * *

But that is no justification for the stupefying conduct of British statesmanship in assenting to the ruinous restrictions which President Wilson deemed it in American interests to impose on Great Britain, already burdened with a debt to the United States greater than our whole national debt prior to the great war. This is the very core and kernal of the reparations problem now affecting us. * * *

England may have her faults but she is not a lunatic asylum, and no one could foresee that

in the incredible event of an American President waiving not only all the American war costs against the enemy, but *likewise all allied war costs*, that Downing Street would be so inept—if you are shocked by the word imbecile—as to *assist* in that outrageous proposition.

The very least that our Government should have done when this astounding proposition was put forward by Mr. Wilson * * * that Great Britain should pay all her war costs, the very least our Government could do was to reply 'We propose in any event to pass our debt to you on to Germany who forced this expenditure on us.' *Nothing of the kind happened.* The same British Government * * * actually allowed our American creditors to commit us to pay our entire war costs by waiving all our claims against Germany in that respect. Stupendous is the only word adequate to the affair. Indeed it was so stupendous that the entire resources of our government *were mobilized to conceal what they had done* from the British people very few of whom realize to this day when and where, how and by whom, they were dished.

One of our objects in meeting here this afternoon is to investigate this operation, which should be universally known, as otherwise you can never appreciate the intricacies of the problem of reparations so immensely complicated by the conduct of Mr. Lloyd George who * * * first publicly *pledged himself not to ask for any British war costs from Germany*, and then still more publicly and vociferously promised the British electorate to make Germany pay to the utmost mark, and on the strength of this electioneering manoeuvre Mr. Lloyd George secured

a record parliamentary majority, *founded on false pretenses.* * * * With the aid of certain noblemen controlling certain newspapers, assisted by certain baronets anticipating nobility, the mystification was organized from which we have suffered ever since. * * *

What I have told you sounds so wildly improbable that some of you may be inclined to think that, like a politician, I am romancing.
* * *

That our guilty statesmanship knew what it was about in allowing the armistice and the peace to be dominated was made transparent by its reluctance to take the country into its confidence. * * * Our broad-minded statesmen have never had the nerve to confess their treason to their bewildered compatriots in whose eyes they have steadily thrown dust for four or five years."

It will be noted that this partial confession is publicly made after four years of secrecy. "The British Government," the speaker says, "actually allowed our American creditors to commit us to pay our entire war costs." Mr. Lloyd George's record parliamentary majority was "founded on false pretenses" and "our guilty statesmanship knew what it was about."

The circumstances surrounding the meetings of the Supreme War Council at the Trianon Palace Hotel which culminated in the acceptance of the Wilson terms of peace on November 4 show very plainly that the acceptance of those terms was de-

liberately made by the British Cabinet and the Privy Council. The most commanding personalities of England were present in person and gave their assent. They were fully cognizant of the meaning of the terms and they deliberately subscribed to them in order to bring hostilities to an end.

It is equally plain that the men who were present at the signing of the Trianon Hotel pact are responsible for its subsequent repudiation. The fixing of policy was always in their hands and not in those of Lloyd George. The treachery to the enemy involved in the issue raised before the people in the general elections was theirs primarily: Lloyd George was only the willing mouth-piece through whom they reached the people. For two years they believed that they had covered their tracks but when discovery seemed imminent they hastened to repudiate the man who had done their bidding and they seek now to make him the scapegoat and bear the onus of a disgrace with which the escutcheons of Peers of England must not be sullied.

The guilt of particular Englishmen need not particularly concern the American Government. But I wish to invite attention to the efforts made abroad to discredit an American President whose position in entering the peace conference was not only sane and reasonable but was untainted by the dishonor which sullied their own counsels. The Englishmen knew and understood the political significance of the peace agreement which he offered them. It was

in their power to decline an armistice on that basis. They were willing to accept the "ruinous restrictions" in order that hostilities might be made to cease. The English people were "dished", to use Mr. Maxse's words, by their own Privy Council and not by President Wilson.

In the light which the years since the war have thrown upon the financial condition of the European Governments there is much evidence which indicates that the real motive which actuated the Europeans in accepting the Wilson peace on November fourth was to put an end to the ruinous increase of indebtedness to the United States. At any time after November the fruits of a victory following a triumphal entry into Berlin would have had the taste only of Dead Sea apples, for the victors would have known themselves to be under the financial thrall of the Western Hemisphere. Even the ending of the war in 1918 left them in peril of this thralldom, but this seemed to them the lesser of the two evils.

Under all the circumstances, after accepting the Wilson peace, the only honorable and decent course before them was to carry it out in good faith. The medieval psychology of military victory—a military victory which they had not won—would not have been assumed. Europe at least could have remained honest, and retained its self-respect. Its ruling classes, however, determined upon the retention of preponderant power at all costs: their wills converged upon the purpose that a new political star should not rise to dominance out of the West.

Mr. Maxse has been permitted to reveal publicly, under Tory auspices, what the ruling group in England feared they were in imminent danger of seeing revealed by hostile critics.

Their confession establishes this fact; that the British Government, with its eyes open, concluded a peace agreement with the enemy which limited indemnities and which recognized German national honor, in consideration of which the enemy, relying on good faith, suspended hostilities and disarmed. The confession further admits that when the enemy was disarmed and helpless, the British Government repudiated its word to the enemy, deceived the English people as to how the war ended, and "secured a record parliamentary majority founded on false pretenses."

Here Mr. Maxse's confession on behalf of the Privy Council ends, but he leaves us only at the threshold of more sinister truths. He would have the righteous indignation of honorable men visited upon the head of Lloyd George, the unscrupulous politician, but he would have no breath of slander touch the caste of Vere de Vere.

Yet the overshadowing facts are these:

"The parliamentary majority founded on false pretenses" was obtained by Lloyd George at the behest of the Privy Council and the Peerage. For eight months false pretenses characterized the conduct of the British negotiators in dealing with President Wilson at Paris, and the guiding hands

throughout those negotiations were those of British Peers or of men whose services have since been rewarded by elevation to the Peerage. Under the guise of good faith and personal friendship they disdained no resource known to treachery to undo the American President, and overcame him by a successful conspiracy to discredit him in the eyes of his own people. They were driven forward in their course by a deep-rooted fear and hostility to the United States and its institutions.

There is not in all human annals a parallel for the cold, sustained, soulless cruelty, after hostilities had ceased, of eight months of starvation inflicted by war blockade against a defenseless people, who had been undone by perfidy and treachery. Nor does history show any other instance of how the collective powers of deception of a few men could conceal, as they did in this case from the Americans, the atrocious nature and purpose of their blockade, and for eight months cover their tracks by protestations of lofty and liberal sentiments.

The guilty confessions of Europe's ruling groups have brought the story down to the date of the British elections. The depths of their perfidy is yet to be disclosed, and not until they have been forced to disclose it can an American President be rehabilitated and restored to his rightful place in history, and the first step toward justice be taken in settling what is euphemistically called the question of reparations.

When the whole truth, and the essential truth to which they are entitled, is known to the American people, their choice will be repudiation of the Treaty of Versailles, of the League of Nations and of the Permanent Court of Justice, for these things mean that a new civilization having faith in mankind, returning into the orbit of outworn things, will take on the infection and corruption with which it comes in contact, and be permanently turned out of the course of a nobler destiny.

Respectfully,

No public statement had been made before the publication of Lex Talionis of the fact that the agreement of November 4, 1918, was the first subject of discussion when the Reparations Commission was organized on February 3, 1919, and that the position of the United States Government was that the agreement of November 4 was a limitation upon the right to impose indemnities; that the broad terms of the peace were already fixed and could not be varied. It was in the secret proceedings of these meetings that Britain repudiated her agreement with the enemy.

Covered tracks do not always remain covered, and by the end of 1922 exalted personalities in London and Paris who knew all about the birth of "German Reparations" were uneasy and fearful of damaging revelations. From the British point of view this address of Mr. Maxse's ought to have been regarded as extremely indiscreet. It was intended to let the friends of the culprits in on the truth, but it did far more. It made full confession that Britain had betrayed the peace agreement to which she was bound with the enemy.

“HISTORICAL AND ACADEMIC.”

April 27, 1923.

The Secretary of War.

Sir:

The American Society of International Law today concluded the proceedings of its seventeenth annual meeting. I was present as a guest at these meetings; I heard the papers read and the discussions held upon them. In each case the premises were stated upon which the conclusions of the speaker were based, and I was shocked to find these premises faulty in fact and inadequate in scope. If in the meetings of the American Society of International Law probative matter of an essential nature is ignored, and if political bias colors the judgment of its speakers and its members I do not know how public opinion can hope to arrive ultimately at sound conclusions as to permanent national policy.

I have a brief comment to make upon the address of the Secretary of State. I take it I may speak frankly for I am not addressing myself to opponents of the administration:

1. Everywhere in Europe the judiciary is subservient to the political power. Only in the United States is a judge under the constitutional obligation to resist political domination. Every European judge who is a member of the permanent court is primarily a political agent of his government.

2. There is no possible common standard of law or of honor. International law has no sanction; it is always the subservient handmaiden of triumphant force. There is no world public opinion. The masses may be made to believe anything that authority suggests. Public opinion affords no sanction for the decrees of the court, for public opinion within a state follows the suggestions of its own political rulers and not those emanating from the foreigner. Differences of race, religion, language, custom, tradition, and ambition make an intelligent decree by the court on any important question a practical impossibility.

3. Before it is assumed that American jurists on the permanent court would find themselves in association with honorable men, it would be well to scrutinize the mental characteristics of the men who stand today at the apex of Great Britain's judicial system. I do not know who has recently succeeded Birkenhead as Lord Chancellor but, unless the tory government loses power it is safe to say that the restless ambition of Lord Birkenhead will soon land him again in that high office. Lord Sumner has recently been made Lord Justice of Appeals and Lord Hewart, Lord Chief Justice of England. I would respectfully invite attention to the part that these men, together with Lord Cunliffe, Governor of the Bank of England (since deceased), played at the Peace Conference at Paris.

At the end of the war the whole world was committed to a peace of moderation, with precisely limited indemnities, and to a settlement in general which, notwithstanding the false ridi-

cule subsequently directed against it, was practicable, sensible and workable. After accepting this peace, and thereby bringing the war to an end, the Entente rulers unanimously agreed to reject it and, after he was disarmed, impose a crushing peace upon the enemy. They knew that a direct invitation to the United States to participate in this repudiation would be rejected. The only way that the participation of the United States could be secured was by an elaborate process of deception.

The Reparations Commission was the heart of the European conspiracy. The early negotiations of this body remain a matter of mystery. The American Society of International Law appears to know nothing of them. Yet it is a fact that the Europeans considered the law in the case, ostentatiously appealed to principle and precedent and sought to overbear the American representative by ponderous legal argument. Their conclusion was that the agreement of November 4, 1918, did not constitute a limitation upon the right to impose indemnities.

This decision was one of political expediency, venal in its flagrant reversal of the principles of substantive justice and cynical in its resort to legal disquisition as a cloak for the ultimate decision.

As I have shown elsewhere the proceedings of this body throughout the peace conference were encased in secrecy. Its environment was furtive and its methods were corrupt. Its English contingent acted on behalf of all the Europeans. Their function was to see to it that the light of day should not break through and that the protests of the Americans should be smoth-

ered. Lord Birkenhead was the legal adviser of the British delegation, Lord Cunliffe the financial adviser, Lord Sumner delivered the elaborate legal arguments necessitated by the presence of the Americans, Sir Gordon Hewart silenced the press.

I repeat that Lord Sumner is now Lord Justice of Appeals, and Sir Gordon Hewart (now rewarded with a peerage) is Lord Chief Justice of England, and I say that a judicial system at which such men sit at the apex is not one to furnish jurists with whom honorable American lawyers can sit upon an international court, for Birkenhead, Sumner and Hewart are forsworn and perjured men.

The Continental judicial systems are no more free from corrupt political domination than is that of England today. It is not necessary here to discuss them, but it seems to me that there is ample evidence to convince any impartial American that the surest way to corrupt our clean system of judicature, free as it is from political control, is to bring it into contact with the ancient cynicism of the Old World.

4. The false financial structure of Europe is sustained solely by the Treaty of Versailles and the League of Nations. Adherence to the Permanent Court, by protocol would commit the United States to the support of the Treaty and the League as fully, in effect, as if the Senate had ratified the Treaty in 1920.

The second speaker last evening before the American Society of International Law was a professor of international law, and his subject was “The

Relation of the Armistice and the Treaty of Versailles." I had expected here to be instructed and enlightened and was prepared even to have my own views modified as a result of what I heard. But the tone of the professor's talk was light and somewhat facetious. He began by humorous references to Mr. Wilson's Fourteen Points quite in the style of European comment, stated that consideration of the armistice agreement was now "academic and historic" and that the peace conditions were to be found in the Treaty of Versailles and not in the armistice agreement. He also said that a movement was gaining ground to impute duress to the provisions of the Treaty and that all members of the bar should be prepared to combat it. Inasmuch as the provisions of the Berlin Treaty which now govern the relations of the United States with Germany specifically rest upon the provisions of the armistice agreement and not upon those of the Treaty of Versailles, it seems to me that a light and humorous treatment of the legal significance of the armistice is out of place in a meeting of the American Society of International Law and is significant of a faulty condition of American legal opinion.

The third speaker, Col. Jennings C. Wise, counsel of the Government in claims against Germany spoke on the relation of the Treaty of Peace with Germany to the Treaty of Versailles. I may dismiss this address briefly by stating that his position was that

the armistice terms, out of which he recognized the Berlin Treaty as growing, obligated Germany to assume responsibility for the entire costs of the war. Is it possible that if the United States places in its attorney's hands all the evidence it possesses as to the obligations growing out of the armistice, competent counsel could hold the opinions expressed by Mr. Wise?

Very respectfully,

The labors of Mr. Root at The Hague in 1922 had resulted in the drafting of a protocol for the erection of a **World Court**, and agitation for the adherence of the **United States** to it began at once. A powerful propaganda sought to organize public opinion in its behalf and to sweep away all opposition.

At the annual meeting of the **American Society of International Law** in January, 1923, **Secretary Hughes** read a paper approving the protocol and advocating **American** adhesion to the **Court**. The meeting unanimously endorsed the **World Court**, and a renowned **New York** lawyer of very masterful manner insistently urged that public announcement of the **Society's** action be made at the annual banquet to be held the next evening. The **Society** never acts hastily, however, and this suggestion was not adopted, as being unbecomingly precipitant.

This society brooks no rivals as the leader of **American** thought in the field of international law. Here, if anywhere, was to be found the sublimated wisdom which could interpret the **Armistice Agreement** and the **Treaty of Versailles**. On the program of this meeting was a

paper: "The relationship of the armistice agreement to the Treaty of Versailles." The paper as read contained no examination whatever of the legal characteristics of armistices and protocols of peace or of the relationship which, in general, they bear to definitive treaties. There were no historic references illustrating the mode of their operation and the development of their principles through successive centuries. No information was disclosed as to the institution, operation, and successive renewals of the Armistice of November 11, 1918, and of its connection with the Treaty of Versailles. But the statement was made that the relationship of the Armistice to the Treaty was "only historical and academic." Yet of this there seemed to be some doubt in the mind of the speaker, as he took occasion to warn his hearers to be on their guard against a movement which was being instituted to impute duress to the Treaty.

My own researches from 1919 to 1923 proved that out of the mass of records data of the greatest importance were to be found which threw new light upon the whole question of the peace settlement and which tended strongly to modify the whole conception. Such data were wholly ignored by the American Society of International Law. Its views of the peace conference were partisan and sterile, its motives political and not legal.

In fact, in 1923, there was everywhere an intellectual palsy affecting organized bodies and social groups susceptible of national organization. There was but a single mode of thought and its leadership seemed to be responding to some single powerful force which took its will captive and taught a formula concerning the Treaty of Versailles, the League of Nations and the World Court. That formula must be accepted, learned and repeated by the faithful. No variation or denial would be tolerated. It demanded renunciation of national "isolation" and acceptance of international "responsibilities." The reali-

ties of 1918 and 1919 were only a blur, affording no lesson for the future. The Peace Settlement needed no study and had revealed nothing to inspire American distrust of the foreigner. The good faith and good will of foreign governments was a fundamental of the new conception and was not to be questioned by unfavorable analysis of foreign motives.

It was in 1923 that the enormous influence that foreign agencies were exerting within our gates became clearly visible. Wealthy foundations for the spread of culture, great and numerous publishing houses, periodical magazines and newspapers, universities and religious foundations were obviously responding to a single, powerful force and source of suggestion. The printed page and the lecture platform were monopolized in behalf of the League of Nations and the World Court. There was no space for anything else.

Obviously directed from a single locality, that about New York City, the movement was not one in the nature of a spontaneous popular demand on the part of the American People, or even of a representative group. Beneath the surface of the noisy agitation there was an inarticulate but strong spirit of indifference to foreign influence and foreign associations.

But the deluge of words everywhere flowing over the printed page succeeded in completely confusing the public mind—because it smothered discussion of the realities involved in the peace. The perception of political values was destroyed and there were none to question the State Department's decree that Germany must pay “to the limit of her capacity.” This postulate was to be accepted by American public opinion without question in order that, when the economic experts about to be appointed completed their report, the amount of the indemnities would not become a matter of dispute.

The flickering light of the candle which the author of

these papers was patiently tending burned low in 1923. The moral influence of the **American Society of International Law** was powerful. The light of the candle was only visible, if at all, in the offices of a few officials in **Washington**.

To Secretary of War.

Aug. 1923.

THE CONFUSED VOICES.

It is a task of some difficulty to compare the utterances, both of individuals and of the numerous voluntary organizations in the United States, upon the subject of our relations with the states of Europe and, among the great diversity of their views and opinions, to seek to find what they may reasonably be said to hold in common.

There is also the fact to be considered that great numbers, perhaps the majority, refrain from public expression of opinion, and that what they think can only be conjectured.

All who publicly advocate a particular course of action for the nation appeal to high standards of honor, for it is understood that the State must follow no other. The subject, therefore, being one necessarily involving the national honor, the discussions when sharp differences occur are unavoidably pitched in an emotional key.

Beginning with 1919 public opinion has, for five years, been divided by bitter controversy. Many believed that the Treaty of Versailles should have been ratified by the Senate without amendment. There was then, and there has been since, little criticism of the character of the peace imposed upon Germany: Senator Knox's utterance in 1919 "It is

indeed a hard and cruel treaty" found but little concurrence. The controversy raged not about Germany but about the League of Nations. Some believed that the covenant of the League should have been ratified as the President desired, without the crossing of a "t" or the dotting of an "i"; some that it should have been accepted with amendments, some that it should be repudiated.

When the Senate finally refused ratification of the Treaty (because of objections to the League of Nations and not to the settlement with Germany), and the breach between the Democratic President and the Republican Senate was complete, the long controversy over American relations to Europe in general was transferred from the Senate to the people.

The makers of the Treaty of Versailles had drafted it entirely with a view to the support of its sanctions by the material power of the United States: without this support they knew that it could not stand. Its rejection by the Senate did not close the question of American adherence to it: it became at once a major issue in domestic politics. When a situation arises in which the vital interests of Europe become an issue in the domestic politics of the United States it is not surprising that foreign influences should make themselves strongly felt.

It seems probable that after the decisive Republican victory in 1920 the question of the entrance of the United States into political engagements af-

fecting power with the European states would have been definitely settled in the negative if the controversy had not been continuously stimulated by powerful suggestions from European sources. Entente statesmen were aware that a political majority could reverse foreign policy by a decision at the polls, and they believed that it was possible, by applying the same psychological stimuli, to revive the great altruistic enthusiasm which President Wilson's emotional appeals had created for the League of Nations in 1919. Through the European influence, therefore, the whole question of the relations of the United States to Europe has been kept in suspense during the entire post-war period of five years, and the American point of view held, as far as possible, by passionate and emotional appeals to war memories, to the attitude which was general in the United States in 1919 when Entente domination of American thought was most complete.

During this post-war period of five years the primary anxiety of the Europeans has been that the United States should become an actual party to the settlement made with Germany, in such a way as to become responsible for its maintenance. Europe's interest in the League of Nations lies only in the belief that through it the United States may be induced to give legal acceptance to the Treaty.

In the United States, opinion scarcely associates the League with the matter of the settlement with

Germany; its interest lies in doctrinaire questions as to the character of the League as a constitution or charter. That which Europe held out as an inducement to the American people to join in the peace settlement with the enemy has therefore proved to be the stumbling-block rather than the peace settlement itself. Nevertheless the European statesmen have remained convinced that the United States may be brought into the European orbit through the instrumentality of the League, and European influence in American domestic controversy has remained strongly marked. The insincerity of its motive and method is manifest.

The highly emotional aspiration running through American opinion that war shall cease has been taken advantage of by European propaganda in pointing to the League of Nations as the means of accomplishing this end. One argument which distinguished European statesmen have not disdained in addressing American audiences has been a solemn warning of the frightful devastation which new war inventions already made will spread among the civilian populations in the next struggle. The real effect of this suggestion upon the majority is to lessen patriotic morale by instilling the physical fear of war.

The French propaganda has sought primarily to prevent the awakening of criticism of French methods of aggression against Germany and of French tendencies to aggrandisement. From France

have come continuously warnings of the menace which still confronts her across the Rhine, the baleful nature of which justifies the maintenance of an army of a million men, and gentle reproaches because the American people have left her alone facing the common enemy on the frontiers of freedom. These representations have been largely successful in their purpose.

The most exigent question in Europe since the Senate's refusal to ratify the Treaty has been the financial one. This has given rise to one of the most insistent and continuous of the European press campaigns. The Treaty had contemplated an enormous influx of American wealth into Europe which would have eased the European financial condition, and its absence brought about an intolerable situation for which no preparation had been made. (The Treaty of Versailles had been negotiated on the assumption of European solvency. Following the failure of the American Senate to ratify, came the inability, unforeseen by American business men, of European merchants to pay for the great volume of exports sent to Europe in 1919 and 1920. There followed in 1920 the sudden checking of prosperity in the United States, the frozen credits, over-expanded factory production of export goods, the slow and painful financial readjustments which followed. The explanations afterwards given of the false prosperity of 1919 and 1920 did not make the real facts clear. It was

directly due to the deception by the Europeans of the American negotiators in the Paris Peace Conference in the matter of European solvency. American business men were led by the United States Government to believe that expansion of manufacture for export was prudent and received every assurance that the goods could be paid for. There is no better proof that the United States Government was intentionally deceived in 1919 by the Entente and given false assurances of European financial stability. The adherence of the United States to the Treaty of Versailles was depended upon by the Europeans as explained below, to create a single control over European-American finances in such a way that the developments of 1920 would not have taken place.)

For three years afterwards the financial chaos in Europe was reflected in the frantic efforts of European financial experts to arouse opinion in the United States in favor of the stabilization of European currencies by arbitrary conventions to which the United States should become a party. These approaches were not frank appeals, based upon a confession of bankruptcy, that the people and Government of the United States should give lavishly of their substance indirectly by accepting trade payments in debased currency, and that this should be done for noble and altruistic reasons, but were in the nature of warnings of various kinds that if the European system collapsed American finances

also would go to pieces and dire consequences follow in the United States. The inter-dependence of the United States with Europe was dogmatically asserted, its destiny in general being bound up with the states of Europe, and isolation being impossible.

The economic principle that the possession of gold measures the command of wealth was assailed. The United States, the argument ran, has too much gold for its own good—"America is dying of its gold." It was confidently predicted that unless currencies were stabilized without delay, so that some of this gold could flow back to Europe and revive commerce, industrial stagnation in the United States would set in and the country be ruined. America would go down with Europe in a final eclipse of civilization. The tone of the public discussions over the state of Europe in this way became highly emotional. In 1922 an "eminent English financial expert" came to the United States to make these dangers plain to the people, and deemed the crisis to be so exigent as to justify him in urging the people to turn their government out of office if it remained "reactionary" on this vital subject.

Until 1922 the pretension of European solvency continued to be asserted, but patient American investigation was beginning to reveal Europe's true financial condition and it became necessary for the European experts to reconsider their economic argument. The first honest confession pub-

licly made by an Entente statesman on this subject, from the day of the armistice to the holding of the Genoa Conference is that of Lloyd George; "If all the movable wealth of Europe had been gathered together and set on fire the results of the war could scarcely have been different." The dropping of the mask of solvency did not take place until after the Republican majority of 1920 had placed in office an administration whose policy indicated that for at least four years the United States would not adhere to the league of nations or the Treaty of Versailles. Along with the tardy admission of general bankruptcy Europe's propaganda for the stabilization of currencies abated, and in 1923 the economic argument has been less audible.

The French appeal to American public opinion has been highly emotional. It is frankly a demand for material and spiritual alliance with France against a common and deadly enemy. In this alignment of forces justice and rectitude are depicted as pitted against treachery and brute force. A certain romantic devotion to an ideal France is discussed, and is sought to be visualized as a perpetual union of sympathetic national wills. Under this conception the cancellation of France's debt by the United States would have appeared as a magnificent national gesture.

The wounded sensibilities of the French have been confessed at a certain cooling of American enthusiasm, especially since the elections of 1920

and the making of a separate peace with Germany. There is complaint of the waning of American idealism and of forgetfulness of the sanctity of the common cause. Marshal Foch, M. Clemenceau and General Gouraud have each visited us and eloquently recalled the magnificent unity of 1918, dwelling upon the spiritual values which can only be saved by continued cooperation. The emotional method was not used only in addressing the broad body of public opinion. Former Premier Viviani on the occasion of his visit to the United States before the Washington Arms Conference addressed the members of the New York Chamber of Commerce in New York. The text of his address was not given to the public press but it is doubtful if in all history there could be found a political utterance so charged with implacable hatred and so inexorably insistent upon the utmost expiation for injuries done.

Under the somewhat sober and practical temper of the present Government in the United States, and following the Armament Conference with its equally sober and practical atmosphere, the French Government appears to be placing less dependence than formerly upon American idealism, and propaganda concentrates its efforts chiefly upon keeping alive the hatred against Germany. Before that date assurances were frequent that France had every intention of paying the debts it owed the United States, although paralleling these utter-

ances were numerous suggestions that, while the French Government would never think of asking cancellation, it was believed that the American sense of justice would itself suggest that course as a voluntary act of the American people. More recently, however, it has been made clear to us that France will undertake to repay the loans to the United States only if reimbursed by German indemnities.

The sum-total of the influence of European suggestion upon American opinion during the five years that have elapsed since the war has undoubtedly been great. The ideal and altruistic spirit among large sections of the people which believes in the power of international conciliation, has been brought largely to the support of what we may call the European cause.

A more practical and perhaps more powerful element in America, schooled in the European conceptions of finance and sympathetic with the Treaty of Versailles, is wholly committed to that cause. The eastern seaboard is not unfavorable. On the other hand many and diverse elements are united in devotion to America's traditional policy of political isolation, and have not been greatly influenced by the European argument.

Division of sentiment, therefore remains; the post-war period has been one of marking time upon the great issue of the relations of the United States to Europe. The public mind has been much agi-

tated but its convictions have not been welded into definite form.

In one important respect, however, the many diverse elements composing public opinion all seem to stand on common ground, a ground which has not been shifted since 1919, i. e., that the practical settlement of the war with Germany was right and is acceptable. This conclusion has been accepted by the present government of the United States which has taken the position that "Germany should pay all that she is capable of paying, and the only question now involved under the subject of reparations is the question of fact as to Germany's capacity."

The recommendation of the Executive to Congress that the United States adhere to the Permanent Court of International Justice would seem to be a movement toward endorsement of the Treaty of Versailles, but circumstances indicate that the recommendation is more in the nature of a *ballon d'essai* than a definite enunciation of policy. Powerful private influences support this movement, however, and it is one of the strongest evidences of the power of the European influence over American opinion.

It will be seen, therefore, that the entire sentiment for rapprochement with Entente Europe rests upon and endorses the definite settlements of the Treaty of Versailles with the enemy.

There is no attack in America upon the principles

which underlie that treaty. The quotations which follow are taken casually from a publication which purports to represent general opinion: the first quotation is a resolution adopted by the International Chamber of Commerce at Rome, and later presented to and adopted by the Chamber of Commerce of the United States.

“It is imperative that the full extent and moral character of obligations should be recognized, and restitution and reparation made to the utmost extent of the debtor’s resources whether external or internal, from whatever sources derived.

It is futile to attempt again to consider the amount of reparations without at the same time establishing such measures as will assure certainty of ultimate settlement and extend reasonable hope for the maintenance of all nations.

The discharge of reparations obligations is not of itself sufficient. It is also necessary that confidence be restored and such security provided that violation of frontiers no longer need be feared, and that the world be relieved of the burden of unnecessary armaments.

Such security is not only indispensable to the establishment of world peace, but it is required to make available international credits necessary to the reestablishment of commerce and industry and consequently the relative stability of exchange. The savings of the world cannot be mobilized for the investments necessary for reconstruction and development without convincing assurance of established peace.”

The editor of a conservative magazine of much influence among its subscribers writes:

“One of the immutable laws of life was enunciated in the words ‘they that take the sword shall perish by the sword.’ Aggressive violence eventually works its own destruction, not by decay but by violence itself. This is not a matter of policy to be adopted or not as one pleases; it is an immutable law. And it was this law that Germany invoked. * * * There will be no victory until it is written clear in history that the example of Assyria and of Rome cannot be safely imitated today. * * * We are told to forgive our enemies, but not even the Almighty can forgive the unrepentant. We are told to be reconciled with our brothers, but it takes two to make reconciliation. * * * The war is continuing because America and Britain left the conflict before the issue was settled. That is why France is in the Ruhr today. * * * There have been four years of unsuccessful quest for evidence that Germany has turned permanently from her destructive course.”

The economist of a great New York bank says:

“In conclusion I think we should say that since the evidence appears conclusive that European nations cannot solve many of their problems without outside assistance, and since many nations are now bending their energies in a supreme effort to grapple with their problems, the time has arrived to reopen the whole question of practical cooperation on the

part of America in the solution of the European financial problems.”

An expert of the Babson Institute writes:

“Before we can act we must know with reasonable accuracy what Germany can pay, how she can meet her obligations, and what steps are advisable to force her to do so if she should fail. * * * The satisfactory answer to this question should not lie beyond the range of an impartial fact-finding commission. * * * What there is at present of material and usable wealth in Germany must form the reserve for the blanket mortgage that must be placed upon all that can be made subject to an international capital levy.”

A distinguished author expresses the following opinions:

“So there are three great reasons of national self-interest against this policy of isolation, namely; first, the economic reason of making Europe again a good customer and a good debtor; secondly, to avoid competition in armaments, and thirdly; to avoid involving ourselves in another world war. Besides these three selfish reasons I would not like to close without mentioning, at least, the altruistic reason.
* * *

If these three reasons of national self-interest are sound it is clear that we make no sacrifice but get advantages by giving up our policy of isolation and substituting a policy of

cooperation through, in particular, joining the League of Nations.”

Another editor who is very active in his advocacy of the League believes the following:

“So if we in this great world crisis take no counsel of cowardice, but mutually pledge our lives, our fortunes and our sacred honor to the great Declaration of Inter-dependence embodied in the Covenant of the League of Nations, then the United States of the World will happen, cooperation will be substituted for competition on earth, peace will follow, and our boys whose blood reddens the fields of France will not have died in vain.”

A former war-time Cabinet Officer says:

“Are we not a little bit ashamed of being afraid of something? Holland has entered the League of Nations: I happen to be in rather friendly touch with Holland authorities. They show every sign of being thoughtful, able, intelligent men, with their eyes wide open. I have not found them scared. Holland has something like nine, or is it six million people. She is not afraid, nor have I heard that Denmark is frightened over anything. But the United States is afraid. Of what? Afraid of some man of straw set up only to be knocked down.

There is a promise in the greatest of books that if we ask for the spirit's aid it will be given us, and to my thought, back and beyond,

and beneath, and above all the things that can be done, lies the spirit that calmly and fearlessly wills to do what is right."

A distinguished lawyer of the New York bar:

"I for one am firmly convinced that, had the United States ratified the Treaty of Versailles, and thereby been officially represented on the Reparations Commission, we would have already been far on the road to world recovery—that the reparations question itself would have been solved and such incidents as the occupation of the Ruhr would never have taken place."

These quotations may be accepted as fairly representative of that section of American opinion which finds general expression in the public press. It manifests no desire to scrutinize the methods by which the peace was made or the facts upon which it was founded. So dignified a body as the American Society of International Law is wholly committed to the cause of the Versailles Treaty, and at its annual meeting of 1923 listened with approval to an address which proclaimed that "the relation of the Armistice to the Treaty of Versailles is only historical and academic."

The issue is drawn, therefore, as in 1919, not upon the validity and justice of the war settlement with Germany, but solely upon the issue of American adherence to the League of Nations and the World Court and political cooperation with Entente

Europe. (The insidious element here involved is this; that if public opinion made a final decision to enter upon a course of cooperation with Entente Europe, the practical effect would be American ratification of the settlement with Germany without having given the facts of that settlement even a superficial study.)

The less vocal elements of American opinion which remain in favor of political isolation are largely represented in the Senate and it is there that the expression of their sentiments is chiefly to be looked for.

THE FALLACY.

The broad conceptions which underlie American opinion may be briefly expressed then as follows:

That the war ended in overwhelming military victory which compelled unconditional surrender; that the enemy had been a peculiarly dangerous one, had committed untold and unnecessary devastation, and sought the subjugation of Europe and perhaps of the world; that its methods of warfare had been barbarous and treacherous, and that a stern and retributive judgment alone would vindicate justice; that the amount of tribute which Germany should be compelled to pay is limited only by that nation's capacity to pay, and that the United States should support the Entente nations in imposing this judgment; that Germany since the armistice has consistently shown bad faith;

economically, that the United States should "aid Europe;" that European trade is essential to American prosperity; that European civilization is in danger of eclipse, and that if it fails it will necessarily carry American civilization down with it.

That there should be general disarmament; that war should be eliminated and this may be accomplished through the League of Nations and the Permanent Court of International Justice (while at the same time the status of Germany under the Treaty of Versailles shall be maintained).

More recently, owing to threatening conditions in Europe which cannot be concealed, expressions are being heard as to the necessity for preparedness and provisions for national defense, and statements are occasionally heard that there is too much of hatred and bad faith manifested in international relations in Europe to justify cooperation by the United States in any system based upon the principle of good faith and conciliation.

The broad bases of fact which underlie the prevailing American opinion that the war ended in unconditional surrender and that the Allied and Associated nations were morally free to impose, and were justified in imposing, a peace of heavy retribution and moral degradation, are faulty.

These broad postulates which underlie and support practically the entire body of public opinion today were definitely fixed in the minds of men in 1919, as a result of the mental picture drawn by

the public press all of whose instrumentalities were concentrated in Paris and subjected to the amazingly complete censorship established by the Supreme War Council and kept intact during seven months of peace-making, or until July, 1919. (Indeed it was not until March, 1920 that war control over instrumentalities of communication was relinquished by the American Government.)

THE REAL BASES OF FACT.

The war ended in a compromise agreement binding on both parties. There was no military decision in the field, the German line being unbroken on November 11, the day of armistice. The armistice was one which did not involve national moral degradation or military dishonor. The terms of the Versailles Treaty, signed in June, 1919, would and could have been rejected if presented to Germany on November 11. She could have carried on a military resistance which would have compelled their radical modification or made victory to the Entente valueless.

The compromise peace was negotiated in October and November between Heads of State and was of the highest solemnity and binding force. Germany agreed to eliminate the Hohenzollern autocracy and become a republic, and did so before the armistice. This was almost in the nature of a sacrifice on the part of the people; they did not cause the overthrow by revolution. Germany agreed to pay reparations

to civilians who suffered damage by war operations, and to disarm after the armistice as an evidence of good faith. Certain territories were to be ceded; there were to be no punitive damages. The settlement was accepted unequivocally by all states concerned. The Gallic legend of victory by military might is a pitiful fraud upon the people.

By the middle of December Germany, carrying out this agreement in good faith, had given up the bulk of her weapons and armament, and was defenseless. These facts were not publicly disclosed and did not become so later.

At this point the men comprising the Entente governments conspired to falsify the armistice terms and impose a peace of vengeance and degradation upon Germany.

The Supreme Allied War Council, as a result of war conditions, now held complete power in Europe and under the Entente agreement would do so until peace was signed. Its members concerted a vast conspiracy which, the writer believes, was directed primarily against the United States. It imposed absolute secrecy upon all agencies of government in Europe and entered upon a course of systematic deception of the American President, the American negotiators, and the American people, for a period of more than seven months.

Concealed by the censorship it reopened ruthless war upon defenseless Germany by establishing a rigid blockade of the German Baltic coast which

excluded food-ships and fishing-boats (a clear breach of armistice). Starvation became progressive in Germany, and under its pressure concession after concession was wrung from the helpless government until it became possible to write them into the Treaty of Versailles.

Meantime it built up the legend of glorious military victory which it spread throughout the world through its not yet disbanded agencies of propaganda, laying thereby the foundation of great strength in the public opinion of the world which would be essential to support the hard settlements of the Versailles Treaty.

There was, of course, just one force which could be relied upon to give sanction to the Versailles settlements, the force of hatred. So long as hatred could be made to dominate public opinion governments would find support for the necessary policy of military menace which alone could keep under control an entire nation burning with a sense of outraged honor and of moral betrayal. So long as hatred burned, also, the Supreme Council would be able to conceal what it had done, for public opinion would refuse to listen to anything which seemed to be favorable to the enemy. The Treaty was by all standards of law void and voidable for duress and fraud in its procurement. It was an instrument repudiating a protocol of peace. The cardinal policy of the Entente Governments for five years, therefore, has been to keep alive and

active old war animosities, and to create new ones, and this is the sole explanation of the condition which now prevails in Europe.

It is not welcome to the minds of right-thinking men to attribute to statesmen at the head of great governments, even under stress of war conditions, a duplicity as deep as that involved in the conspiracy here outlined, but the facts are undeniable that the conspiracy was in fact entered into and carried out. Its details were concerted at a meeting of the Entente Premiers and their staffs in London between December first and third, 1918. Three secret sessions were held in the Council Chamber at 10 Downing Street. This room has double windows and double doors. At these meetings extraordinary measures for secrecy were taken. Those present agreed at the third days' session that no one should leave the room until the session was over. Functionaries were stationed at the doors to enforce this, and necessary communications with the outside had to be made through them only.

There followed immediately upon the adjourning of this meeting the secret extension of the blockade to the German Baltic coast, and the holding of general elections on the issue of a hard peace with Germany under fraudulent assurances of government to the people that unconditional surrender had been made by the enemy and that the people, therefore, possessed the legal right and the moral

duty to support a peace of stern retribution. There was here an audacious and treacherous repudiation of faith with the United States as will be seen by an examination of the armistice agreement, as well as an act of perfidy and treachery to the enemy.

Success could come in shifting the position of the American leadership only by the exercise of surpassing mastery in the arts and methods of intrigue. The reduction of Germany also, perceiving itself to be the victim of treachery, would necessarily be a long slow process of duress by starvation and would have to be accomplished in secret under cover of the censorship and a screen of apparent German hostility and resistance which would silence criticism and inquiry.

The events on the Rhine, in the Baltic, and at Paris, from November 11, 1918, to June 28, 1919, afford sufficient proof of the existence of the conspiracy and of the success with which it was carried out. There is no age or period of recorded history which affords a parallel to the scale upon which the world's populations were deceived in this world settlement, history falsified, and enormous property rights confiscated under cover of false pretenses.

No ordinary motive could explain it, or set in motion so vastly complex a plot.

THE ENTENTE MOTIVE.

The political principle of sovereignty is a modern conception, being only about five hundred years

old. It grew out of and is closely allied to the principle of feudalism. The sovereign power knows no superior. There is no sanction to which it must bow. Under this principle the states of Europe have always and consistently shown a tendency to expand territorially and increase the geographical scope of their sovereign power and their municipal law. In this tendency the principle of power and not the principle of law or justice dominates. The Roman Empire bequeathed to the world the conception of a universal state, and this conception has intrigued the minds of kings and ministers throughout modern European history. Successively states have sought to dominate the Continent (which they regarded as equivalent to the world) and out of these conditions has evolved the principle of the balance of power. This is the active principle of European policy and diplomacy and excludes all other political philosophies from the stage of practical affairs. It is looked upon by the European statesmen as a law which operates without the intervention of, and without being impeded by, the personal will.

Every European statesman has, then, a deep-rooted suspicion of any political power, except that which he himself represents, which seems to have within itself the possibility even of attaining preponderant power.

Under this doctrine perpetual warfare is assured. Alliances against the strongest power form with

automatic regularity. Periods of peace are only periods of truce. Under this system good faith is not practiced and is not expected except to the extent to which self-interest prompts its observance. The recent work by the eminent French publicist, Joseph Barthelemy "La Démocratie et La Politique Étrangere" in which "le secret" is explained and defended as a principle in foreign relations is illuminating upon the subject of the European political psychology.

Every European state of any magnitude has the imperial itch. Ancient Rome is a perpetual example of what can actually be done, and when circumstances make it impossible for the modern European state to imitate Rome the principle of the balance of power is invoked and the determination taken that if the home government cannot be supreme no other shall.

Throughout the Great War Germany was honestly regarded as threatening the principle of sovereignty, as seeking to achieve again the exploits of Charles V, of Louis XIV, and of Napoleon. In 1918 the German power nearly attained supremacy. The despairing cry of the Supreme War Council to the United States Government on June 2, 1918, for instant succor is sufficient evidence of this fact.

Entente reserves were exhausted, and the military power manifested by the United States in 1918 was all that saved the Entente from complete defeat and capitulation. Long before the armistice

the purchasing power of its treasuries was gone, and the war was being sustained with money loaned by the United States.

An armistice, which was also a protocol of peace, containing definite compromise agreements was signed on November 11 at the suggestion of the United States. This agreement left the respective states sovereign as before the war, none being in such a position of advantage as to be a menace to the rest.

But what was the real condition with which the Entente statesmen found themselves faced?

First, the wealth of Europe had vanished, completely destroyed by the flames of universal war. Exhaustion had come upon the states of Europe such as had never visited them before. The sum that Germany was to pay under the armistice terms was great—but insignificant as a solution of war debts. The Entente states faced internal debts of many billions of dollars; besides these, their debts to the United States were already enormous. This was why they unequivocally accepted the armistice proposed by President Wilson—because their indebtedness to the United States, growing by leaps and bounds in 1918, must be stopped if they were not to sell themselves into bondage to America. (What debtor and creditor relations between states mean in the minds of Europe's statesmen was well expressed by Guglielmo Ferrero in 1902; "Now the superior or inferior condition of modern nations

all depends upon this matter of debtor and creditor. The creditor nations are today in the same condition that countries ruling by force of arms found themselves in in ancient civilizations—the debtors represented the conquered tributary populations.”)

Not London and Paris but Washington and New York would become the center of the world's political and financial power if the frightful drain of the war in Europe was not ended at once. Hence the acceptance of the compromise peace with Germany. Military victory in the field was foregone because every week of fighting after November 11 would have disclosed all too clearly that America alone was winning the victory. Western Europe was already saved from the menace of universal German empire. What gain to march to an impoverished Berlin only to do homage to a preponderant America, an America, moreover, whose institutions they distrusted even more than the German system which was far less unlike their own.

Rescued from German domination by the military might of the United States, their courage after June second, 1918, revived. They had not revealed the full extent of their distresses. They determined not to do so. They determined to play the part of victors, to make a display of magnificence, and to minimize if possible the role of the western republic. Somehow and by some means they resolved to retain the moral and political predominance over the United States which they conceived they had

always enjoyed, and which as an older civilization they claimed as their right.

By falsifying the armistice terms, by transforming the compromise peace into a triumphant victory for which the Entente states would claim the credit, democratic America might be dazzled and deceived and old Europe retain its moral supremacy.

They determined then to make such a pretense of strength, courage, stability and power, as would inspire confidence in the minds of Americans and secure the extension of credit on such a scale that the advances would replace the vanished collective wealth of Europe. European securities might thus be preserved intact, and financial supremacy would remain in London and Paris. Furthermore, the political dominance of the Supreme War Council over Europe would be made permanent and even extended to the whole world.

The golden moment must not be lost. Democratic America knew nothing of the principle of the balance of power. Before it attained to the knowledge of good and evil, it should be so brought within the European orbit of influence that its latent powers might never develop. In America a hundred million democratic citizens were accustomed to delegate the power of political decision to no small ruling group; moral conquest over a great democracy might be hoped for through the medium of a, for the moment, perfectly controlled press.

Thus by an entirely new method a balance of power between the Old World and the New would be struck; and by syphoning the gold from the spacious American containers back into the void and empty treasuries of Entente Europe, the rise of a vast and overshadowing power in the Western Hemisphere would be checked. By controlling the power of its purse Europe would control its sword also. After November 11 Germany ceased to be the real preoccupation of the Entente statesmen; their gaze was turned to the westward.

The grandiose scheme of the Europeans was not wholly impracticable as is proved by the fact that it has been partially successful, and only failed of complete attainment because the United States Senate refused to ratify the Treaty.

They were entirely aware of the pacific principles underlying the American democratic philosophy. They knew that democratic statesmanship was primarily honest, and therefore simple and direct; that there was no breed of men in America versed in the philosophy of the balance of power, trained to gamble in a game in which states were pawns, and counting the art of personal deception as the highest ornament of a statesman's character. They believed, and with reason, that the ancient school of European statecraft, void of moral principle, astute, indirect, contemptuous of the people and of the philosophy which demands that the statesman keep faith with them, might, through the American

negotiators, attain a moral control over American public opinion and mould it into a permanent form.

There is without doubt among the classes who rule Europe a deep repugnance to the thought of possible American preponderance over ancient Europe. They believe American principles of government to be unsound, irrational and impermanent, and American culture to be inferior to their own. They visualize only two alternatives in the world structure of today—European preponderance or world anarchy. This sentiment is not given plain expression upon the streets; indeed the first instance of its public enunciation appears to be the recent declaration of Joseph Caillaux in the magazine *Foreign Affairs* to the effect that if Europe went to pieces it would mean the eclipse of civilization as America is incapable of carrying it on.

The European statesmen, then, at the end of 1918 saw what they believed to be a new phase in the manifestation of the principle of the balance of power: For five hundred years the shifting and adjusting of power had gone on within the geographical limits of the Continent of Europe. Now it was shifting to the world stage, and Europe stood united for the first time in history to oppose a threatening development in the Western Hemisphere.

Physically weak, bled white, her ancient commonwealth could not hope to oppose force with force;

but the wisdom of a thousand years, pitting itself against the political immaturity of a new world might hope to attain by power of the mind a real conquest over its undeveloped strength. By one and the same process, by drawing copiously from the life blood of the new world, its power of menace to Europe would be dissolved, and the ancient civilization revived.

In the great enterprise of effecting this consummation there could be no room for consideration of the exhortations of the evangelists or the arguments of the moral philosopher. There would be no attempt to bring the scheme within the field of moral law at all. The end to be attained would justify the means.

THE ENTENTE METHOD.

The first question was how to avoid saddling the costs of the war upon themselves. There was but one way—to fix responsibility for the whole amount upon the enemy. This involved treachery and perfidy. The Entente statesmen determined nevertheless to choose this way.

Having compelled the enemy to acknowledge responsibility for the payment of all costs and thus relieved themselves of the burden, how would it be possible for him to pay? They knew that he could not do so, that the necessary wealth did not exist in Germany and could not be created there. They knew that the Continent of Europe was pauperized.

The one reservoir of sufficient wealth to pay Europe's war costs was in the United States. Every astute Entente intellect bent itself to the task of discovering how to drain this wealth back into Europe. They soon discovered a possible way. Forcing Germany to accept entire responsibility for the payment of thirty or forty billions of dollars would place the Entente governments at once in the position of creditors. This favorable status would be carefully exploited in dealing with the American delegates to the peace conference. It would never be relinquished.

This illusion would be maintained, and another and equally important illusion be created—that it was entirely possible for Germany to pay the indemnity. After exalted Entente personalities of unimpeachable authority and integrity had pronounced favorably upon Germany's capacity to pay it would become entirely possible to discuss the sum as a real and tangible asset belonging to the Entente governments. If the American mind walked step by step with the mind of Europe to this point the purpose of the Entente statesmen would be accomplished.

The remaining steps in the proceeding would be easily taken. What more natural than that German bonds for thirty or forty billions of dollars, bearing fair interest, guaranteed by governments, should be largely subscribed by American private investors. This would be accomplished and the final step

completed to connect the full reservoirs in the United States with the empty ones in Europe. Europe would be revitalized and the world's balance of power, permanent it was to be hoped, struck at the same time.

Thus in the end the people of the United States would be made to bear the costs of the European war, and Europe, tottering and shaking with age and exhaustion, drawing new strength from this international blood-transfusion, would again be enabled to assume its place in the forefront of civilization and world power.

The seven-months drama which culminated in the signing of the Treaty discloses a double theme.

First, wringing from Germany a confession of national military defeat and dishonor, of national guilt, and responsibility for all war damage. This was accomplished only after seven months of post-armistice torture of the civilian population by starvation. It would not have been tolerated by the public conscience in the United States and the Entente countries, and its success was made possible only by the screen of the censorship which kept it from public knowledge.

To extort an admission from the German Government and people of a military surrender which they had not made, and of moral obliquity of which they were not guilty; to compel their promise to pay an indemnity which they knew they could not pay and did not owe would necessarily be the re-

sult of a long slow process of duress. The sombre drama, the exhibition of cold and calculated hate and cruelty on the part of the Supreme War Council and its minions, its solemn promises of mercy cynically repudiated, reveal a depth of political depravity which it is difficult for minds which have expanded in the politically and socially wholesome trans-Atlantic environment to comprehend. What transpired during those seven months is not pleasant to contemplate; why reveal then what has been successfully concealed for five years? Because it must be revealed if the people of the United States are to have fair play and a genuine opportunity to judge Europe and its institutions, and are not to be made the dupes of European propaganda.

In the light of a clear understanding they would reexamine the motives of government which, during the armistice status, kept open "the hole in the west" to the fattening of the purses of French champagne manufacturers and the disintegration of civilian morale in Germany; the significance of the telegram sent by General Plumer, commanding English troops of occupation, to the effect that under the policy of famine being practiced he could no longer answer for the morale of the troops under his command as the soldiers revolted at the sight of women and children dying of starvation; and the minimizing of its meaning at Paris. Commenting on this episode at the time an American of high distinction and long and honorable military reputa-

tion declared that he would have given his right hand to have had the opportunity to do what Plumer did. They would judge of the moral quality of the motives involved in the pigeonholing, at the instance of the Supreme War Council, of the report made by an official commission of fourteen English Army officers after a thorough investigation in Germany in January and February of the effect of the food blockade. This report, based upon thoroughly reliable information, contained this general conclusion:

“The general impression of all the visiting officers is that the need for revictualing Germany is really urgent. The country is living on its capital as regards food supplies, and either famine or bolshevism, probably both, will ensue before the next harvest if help from outside is not forthcoming.”

It will readily be seen that the master-minds who were accomplishing the conquest of Germany by the slow duress of starvation would receive the above report with satisfaction. The cutting off by the blockade of German access to the Baltic fisheries, a right which they possessed on the day of armistice, is a fact whose sinister implications need not be pointed out. There is ample evidence that it was during the seven months of armistice and not the four years of war that Germany was overwhelmingly defeated.

Second. The other theme of the drama is the duping of the people of the United States by the elaborate concealment of the fact that victory in the field had not been won, and that no moral right existed to impose a peace of vengeance. The Supreme War Council fabricated the evidence that the German army had made an ignominious surrender and falsely led public opinion to the conviction that the imposition of a hard peace was a moral duty. They inflamed war hatred in America to the highest pitch by continuous recitations, sent over their controlled cables, of apparently authentic proofs of Germany's continued cruelty, treachery and duplicity. This was done in order that a permanent psychology of hatred might be produced which was a *sine qua non* for the support of the Treaty of Versailles after the character of the treaty became known.

It was actually possible to utilize the secure reputations for exalted moral worth, dignity, patriotism and uprightness, enjoyed in America by such leaders as Lloyd George and Clemenceau, and the high morality of the Entente cause itself as it was understood in America, to carry conviction to the American people of the good faith of the Entente Governments. Thus the assertion which was thundered from the exalted seats of the Entente leaders that the enemies of civilization had now been fairly vanquished in battle, that a criminal nation aiming at the enslavement of the world was now brought

to book, and that it must collectively be punished so effectually that a repetition of its purpose could never occur again. It was above all things essential that American public opinion be convinced that only hard terms imposed upon the enemy could vindicate justice. Hence the appeals to exalted morality which characterized, and have ever since characterized, the Entente interpretations of policy.

The settlement which the Versailles Treaty contemplated would have resulted in the concentration of the world's financial resources and power in the hands of the denizens of Cappel Court, with certain partners located in Paris and New York. The entire world would then have lain open for its unobstructed exploitation.

The Supreme War Council would have perpetuated itself, a body above and controlling governments; and the relations between the centralized financial power and the Supreme War Council would have been close and intimate.

Dominating the Council of the League of Nations, it would be through the League that the Supreme Council's universal power would be manifested, and there would be no nation in the world whose sovereignty would not eventually be swallowed up in a highly centralized world empire. This empire would have been established primarily for the preservation of the institutions and peculiar culture of ancient Europe, its castes, its pride, its wealth and its glory. Little by little inconsistent systems of democracy would be made to disappear.

The significant fact which underlay it would be that it had been conceived in iniquity, treachery and hypocrisy.

The refusal of the United States Senate to ratify the Treaty of Versailles has retarded and jeopardized the development of these vast plans. But the spacious conception has not been abandoned.

If the gigantic hoax of 1918 and 1919 can continue to be concealed from the American people there seems to be no insurmountable obstacle in the path of those creative minds in Europe whose audacious enterprise was so auspiciously begun at the time of the Paris Peace Conference.

The ceaseless din of pro-League and World Court propaganda went on. No emphasis upon realities found any place upon the printed page. The suggestion in the New Haven Address was taking form. The international banking interests of the East were cooperating in a determined plan to pour American gold back into Europe.

It has been said that the adjustments which took form in the Dawes Plan in 1924 were to have been consummated in 1923 and were unexpectedly retarded by the death of President Harding; and the 1923 agitation indicates that this was so.

In this memorandum to the Secretary of War the author made the direct charge that the Treaty of Versailles was a gigantic and conscious swindle practiced by foreign governments upon the American people, which had failed only because the United States had not become a party

to the Treaty. The evidence was being constantly corroborated. If there was, in fact, merit in these charges it was a salutary thing to place the evidence before the Government at Washington at a time when determined efforts were being made to stampede the County into political, financial and judicial entanglements with Europe.

THE WORLD COURT.

November 25, 1923.

Rt. Rev. James E. Freeman,
Bishop of Washington.

Dear Bishop Freeman :

The subject upon which I am addressing you is one of deep gravity and I have not come lightly to the decision of communicating the contents of this letter to you. Yet, that you may not be led to an *ex parte* judgment upon a complex political issue which sinister forces have purposely obscured, I am going to place frankly before you the facts which I know to be true, unwelcome as they were to me and will be to you. I was one of a very few men in Washington who in 1919 stood within the veil of the censorship and were in a position to know what was not disclosed to the world.

It may be that what I tell you, flatly contradicted as it will be by some about you in high place, may not be convincing to you, but I do not believe that I would be loyal to you as the bishop whose authority I recognize if I did not place at your disposal information which you have not had and which I believe to be necessary to inform any man's judgment.

Yesterday, according to the press reports, President Coolidge was urged by the Protestant Churches of the country to use his influence in having the

United States become a member of the Permanent Court of International Justice. I know that your presence in the delegation that called upon the President was prompted by high motives, as was that of the other clergymen, but I believe that this action by the churches is a profound and dangerous mistake.

It is vitally important that the real moral values involved under the Treaty of Versailles be disclosed and understood. The chronicle is not pleasant, but men of moral courage are not justified in closing their ears to it. I shall begin at the beginning and be as brief as I can with clearness.

In the spring of 1918 the great offensive of the Germans would have carried them to overwhelming victory over the allies if the American army had not begun to arrive in force in June. British manpower and French manpower were both exhausted. In striking power the Germans were greatly superior. They began their general withdrawal in July because an American army of a million men was taking its place in the allied line and swinging the odds against them.

The allied resistance would have collapsed for another reason also, before the arrival of the American soldiers, except for American support. In four years of war they had shot away all their stored-up wealth; they were bankrupt in the spring of 1918. The pound sterling and the franc were pegged in New York in March and remained so far into 1919.

If this had not been done the home front would have collapsed.

The German retreat was one of the most masterly withdrawals in history. German morale did not break; there was no military disaster and no military surrender. The German army maintained an unbroken front until by negotiations in October and November the Allied and Associated Nations signed a peace agreement which guaranteed the future independence, the safety and the national honor of the German people. There was no revolution in Germany following a military collapse, as we have been told. There was a voluntary change in the character of the government, effected before the armistice, in pursuance of agreements for peace being made with the Allied and Associated Nations through President Wilson. I am sending you with this letter a copy of my book *Lex Talionis* which will more fully inform you. Its contents, and the statements which I make in this letter are supported by official records. There are many men in high place in the Government service who now know that they are true but their positions are such that they cannot take the initiative in political matters.

On November 11, then, hostilities were closed upon an agreed basis in which good faith and honor were involved. The money compensation which Germany was to make was limited to damages suffered by the civilian population in war operations.

I have set forth, I hope clearly, in my book, how

the Entente statesmen, repudiating their own and their nations' honor, deliberately falsified the armistice agreement and, after the enemy was disarmed and helpless, subjected the entire people to ruthless starvation for a period of seven months, in order by duress to wring from them in the Treaty of Versailles the acknowledgment of national outlawry and perpetual industrial servitude. The sinister tragedy of the seven months naval blockade has never been told, and if no one else does it I shall do it in another book.

What the Supreme War Council conspired to do and did successfully in the seven months following the armistice was made possible solely by reason of that latest of all gifts of nature to the human race, the electric telegraph. The war had centralized the control of all agencies of quick communication in Paris. By the universal censorship which the Supreme War Council established over the cable, telegraph, telephone and wireless, your destiny and that of the world's millions were placed for a time in the hands of a very few men. If their mental processes were characterized by integrity you would be dealt with honestly: if they chose to falsify history you were utterly at their mercy. To their shame they did choose to falsify history and to make the world the victim of a hoax the gigantic proportions of which their complete control of agencies of communication of news made possible.

After November 11 the censorship dropped an

opaque curtain between Germany and the rest of the world. On December 4, the naval blockade, contrary to armistice pledges, closed the entire German Baltic coast. This was for the sole and sinister purpose of excluding food and food-fish from the German people for seven months or as much longer as might prove necessary in breaking their will to resist a peace of slavery.

For seven months after November 11 the censor-controlled news agencies were used to spread a legend in the United States and throughout the world of an overwhelming military victory over an enemy whose unparalleled ferocity of nature compelled the most uncompromising severity in the making of the peace. Docile public opinion was thus prepared to read with complacency of the frightful retribution which was incorporated in the Treaty of Versailles.

I believe that the deepest abyss of personal and political depravity ever touched by civilized men is revealed in the conduct of Lloyd George and the British Ministry when they implicated the English people through the general elections of December, 1918 in their own crime of falsifying a protocol of peace and enslaving an undefeated enemy by perfidious and treacherous measures. They deliberately proclaimed an unconditional surrender upon which vast tribute might be predicated, sought and obtained a new lease of power upon this issue, and concealed within their own guilty bosoms the knowl-

edge that no victory had been won and that a compromise peace had been signed in order that frightful slaughter and drain of resources might be stopped.

These briefly are the significant facts as to the ending of the war and the making of the peace. Do they not furnish the key of the otherwise inexplicable mystery of the psychic sickness in Europe today?

It is necessary now for us to inquire why the Supreme Council accepted President Wilson's October settlement and agreed to an armistice on that basis on November 11; and why, after inducing the enemy to lay down his arms upon that agreed basis, they conspired to falsify, and did falsify the settlement.

On November 4 an American army of a million men had just taken its place in the Allied line. Ultimate victory was sure, if not in a month then by the spring of 1919. It would seem logical to prosecute the war to a military decision.

The motives of the Supreme War Council, I think, are now understandable. Knowing as we do that they were capable of a treacherous reversal in their obligations to the enemy we may look in the field of expediency and not of morals for their reasons.

They accepted the armistice, no longer fearing conquest by Germany, because they knew that if the war was longer continued they would emerge from it as industrially tributary nations of the United States. Already bankrupt, their debts to the United

States were rising by billions. A triumphal entry into Berlin would be a triumph only for the United States; for the Entente states the fruits of victory would have the taste only of Dead Sea apples, for the Europeans, victors and vanquished alike were completely ruined.

Having stopped the drain upon their industrial life by accepting the armistice, why did they not content themselves with the honest settlement to which they had agreed in order to have surcease from war?

Here we reach a crossroads in studying the psychology of the little group of men whose power for good or evil (by reason of their mastery of news agencies) over the world's millions was beyond measurement. If ever Satan entered the hearts of men the Prince of Evil took possession of the personalities of these men at this time. They set their hand to a double treason, the undoing of the enemy by treachery, and the betrayal of the United States and its people at the very moment when they owed their continued existence to the succour received from America.

To be specific, the Supreme War Council determined by means of fraud and deception to obtain American consent to the fixing of a war tribute of fantastic proportions. Having by forms of law riveted this obligation upon the German people the Supreme War Council undertook to convince the Americans that the fantastic sum represented gold

value. The German debt was to be funded in bonds bearing fair interest and the bulk of these bonds were to be shipped to America where they would be sold in vast quantities to American private investors. American gold would thus flow back to Europe in generous streams; it would come to rest in Entente treasuries and save the Entente governments from bankruptcy. With the whip of the taskmaster in hand the United States, to protect its own investors, would be required to drive the German people to their daily task standing in a relationship to them no whit different from that of the Assyrians of old to their tributary nations.

The German tribute first sought to be fixed at a hundred billions was finally fixed at thirty-three billions. The Supreme War Council knew that that sum did not exist in Central Europe and could not be created there. Herein lies the fraud which they practiced against the United States. From the inception of the plan it was the intention of the Supreme War Council that the thirty-three billions should be lifted from the American till.

In the Paris Peace Conference their conspiracy was carried through without a hitch. They broke the strength of body, mind and will of an American President who strove throughout for one sole object—to effect a peace of moderation and thereby save the faith and honor of great nations. The league of nations was but a false issue designed to throw dust in the eyes of public opinion and to cover the sinister character of the peace.

But the Senate of the United States, with which the Supreme War Council had not reckoned, refused to ratify the Treaty. The consequences are obvious today: we see that the ponderous structure constructed by the Paris Peace Conference rests on sand. It could have been supported only by a solid foundation of American gold.

Never before in history have the forces of evil been so entrenched in high places. The reason is found in that supreme policy of perfidy deliberately adopted by the Supreme War Council after the armistice. Like dry rot in a tree it has spread throughout the body politic in Europe and taints the counsels of the United States. Even honest men have been enlisted in the evil cause because they have been made the victims of false premises.

The political technique by which a whole world has been deceived is simple when understood: by the censorship the Supreme War Council dropped a curtain between Germany and the rest of the world. Behind that curtain they threw a whole people into the lingering pangs of starvation; hunger endured for seven months effected the conquest of a people who had not been conquered in war. The Treaty of Versailles is not in law a treaty at all. It is an agreement purporting to be made in pursuance of a protocol of peace but which violates the terms of the protocol, and the signatures to which were obtained solely by duress.

The technique by which the Supreme War Council

prepared a docile public opinion for an Assyrian peace is equally simple. The censorship again was the efficient means. After November 11 they concealed from the world the fact that an agreement for a moderate peace had induced the enemy to lay down his arms, and in place of the truth their propaganda bureaus were set to work to invent and disseminate a legend of overwhelming victory and unconditional surrender. During the seven post-war months in which the enemy nation was being broken by starvation, the conviction was being graven deep in the plastic minds of peoples that he had surrendered in war on November 11 and that any opposition that he was now making to peace terms was solely due to his treacherous and unregenerate character.

The world today is puzzled and tormented because it is still entangled in the web of treachery, deception, cruelty and greed which a few men in high place wove for it in Paris. Reconstruction cannot begin until honest men cut their way out of this web and until the leadership of the men who wove it is repudiated. Britain and France no longer stand on a par with the United States as world powers. New statesmen, free from the cult of mediaevalism, must replace the old and discard the piratical philosophy that European empires may be restored by feeding upon the body of the western republic.

The immediate question which has prompted this letter is the attitude of the people of the United

States toward the World Court of International Justice. I believe adherence to it is to be shunned as we would shun a plague. I am familiar with its genesis and know that it is a device to secure a relationship between the United States and Europe which would be equivalent to official endorsement of the Versailles Treaty. It is not an honest conception. I am going to speak plainly now about the character of the men who sit at the apex of Britain's judicial system, for the character of the World Court cannot rise superior to the character of its creators.

On page 182 of *Lex Talionis* appears a statement of the issue in dispute between the American delegates to the peace conference and the Europeans. "The American delegates held that the extent of reparations was so limited by the agreement of November, 1918 with Germany; the British delegates took the opposite view."

Every principle of law sustained the American position, and common morality compelled it. The English jurists who exhausted the art of casuistry in opposing it trampled the tables of law into the dust and deliberately violated their consciences in order to enthrone intrigue. Their role was assigned them by their political masters as a part of the conspiracy to defraud the people of the United States. Who were these jurists?

Lord Sumner was the spokesman for England and the Entente Governments. He was assisted by Sir Gordon Hewart, English Attorney General. The

Earl of Birkenhead was created Lord Chancellor of England and his judgment played a large part in the legal decision.

Lord Sumner is now in 1923 Lord Justice of Appeals.

Sir Gordon Hewart, now Lord Hewart, is Lord Chief Justice of England.

Lord Birkenhead is now out of the Ministry but aspires to become again Lord Chancellor of England.

Under the standards by which American jurists are judged these are perjured and forsworn men, yet Lord Sumner and Lord Hewart sit today at the apex of Britain's judicial system. They are pliant tools of an unscrupulous political power.

To men of English stock it is easier to turn away than to contemplate these facts, yet patriotic Americans, those who place their country first, must face them.

The bearing of these facts upon the question of American adhesion to the World Court is clear. The foreign personnel of this court could not be trusted. It would consist of men trained in the school of Birkenhead, Sumner and Hewart. To think that the moral influence of the United States would dominate this court is to dream dreams. The fraud of 1919 would be reenacted.

I would not have you think that I am indifferent to the welfare of foreign peoples or to the efforts of honorable men who seek to bring peace to the world, but the world cannot be saved by the greedy finan-

cier, the political trickster and the statesman of complacent conscience.

The great questions which seem so complex are really simple. The starting point is the relation of the German people to the rest of the world. The only rights which anyone has against Germany as a result of the war are those growing out of the armistice agreement of November 4. The armistice renewals which followed it and are inconsistent with it, and the inconsistent provisions of the Treaty of Versailles are today void in law and morals.

Fortunately the United States is not a party to the Treaty. The national honor remains unsullied, but when the Republican administration came into power in Washington in 1921 it was almost as ignorant of what I have told you in this letter as were the people. The disclosure of the truth has been a slow process, and interests who knew what they wanted have been active. The crystallization of a true policy has therefore been retarded.

The executive branch of our Government has permitted itself to be deceived into one declaration which is untenable and inconsistent with the national honor, namely, that "Germany must be made to pay all that she is capable of paying." This utterance will no doubt be contradicted at an early date. It would be equivalent to ratification of the Treaty of Versailles, and would involve the United States in the moral abasement of a violated armistice.

I hope I have painted this background of facts

clearly. If the moral implications have not been made plain it is because my powers of expression have been inadequate, and not because I am in error in saying that the fact of a violated armistice and protocol of peace is the key to an understanding of the only remedy for the evils from which Europe suffers.

It is not in the power of the United States to change conditions in Europe for the better, other than by contributions for the relief of the destitute. To give political support to Entente measures against Germany would make us an accessory after the fact in the greatest political crime in history. To bolster the tottering Entente financial structure, shot through as it is with fraud and resting on the sandy foundations of the Versailles Treaty, would make of the American people the dupes and the fools of history.

It seems to me out of the logical order of things to address a discussion of this subject to you. It is true that the moral question is overwhelmingly predominant, but the heart of the moral issue can only be reached by threading the labyrinth of political action here and abroad. It is a field of cold, unmoral calculation, where the preoccupation of clever casuists is to give to black the appearance of white. From my standpoint of observation the Protestant Churches in endorsing the World Court have been made the victims of a deception the more shameless because it has dared to tamper with the noblest motives.

I recall that some years ago when, I think, the conscience of Bishop Manning was troubled because of the manifest cruelty of the peace that had been made in Europe, the question was taken up for discussion and it was finally announced that it was not the province of the Church to undertake action in political matters. That decision having been taken then in the diocese of New York, I cannot but feel that it is a mistake to reverse the policy now. At that time the Church might have accomplished much if it could have hewn through the phalanx of political fraud and brought the truth to light. It might do so today, but it would take a courage and self-devotion on the part of the leaders not lower than that of the martyrs of old.

I would like to see the Churches withdraw from the stand they have just taken, or if they elect to stay in the fight for right through political action, to exactly reverse their present stand. Right and justice would find in them a powerful champion if they would give their unanimous support to the following postulates:

1. That the armistice agreement of November 4 was binding upon the allied and associated nations.
2. That the Treaty of Versailles violates the armistice, which was also a protocol of peace, and to the extent that it so violates the peace agreement is void and immoral.
3. That the attempt now being made in Europe and America to save the financial settlements of the

Treaty by devices which would shift Europe's financial burden to the shoulders of American tax-payers, is wrong and immoral.

4. That inasmuch as honesty and good faith do not yet characterize the conduct of the European governments in their relations with the United States, the United States declines to enter the League of Nations, the World Court or any other political alliance.

I would deem it a great gain to the cause of American patriotism and the eternal principles of right if your own influence and energy were enlisted in the cause of rehabilitating the armistice as the protocol of peace out of which a new beginning must be made. Yet with your manifold duties it may well be that the laborious political study you would want to make to inform your judgment could not be undertaken. Believe me that, in that case, to take a positive stand is hazardous.

I have written this in sincerity and in the belief that what I have said may be of value to you.

I am, Sir,

Sincerely yours,

Lex Talionis had been published in 1922 and had disclosed certain Peace Conference negotiations, particularly in the early meetings of the Reparations Commission, which had remained secret up to that time, but this series of letters and memorandums afterwards written were at

the time confidential communications to the Government.

This letter to Bishop Freeman in November, 1923, was the first public disclosure I had made of some of the information which theretofore I had put before the Government.

It was a sorry series of disclosures to have to make to a clergyman. There was a certain incongruity in inviting his attention to the stark realities of international politics, but there was even greater incongruity in the phenomenon of American churchmen actively aligning themselves in controversial politics. Bishop Freeman was an influential and intelligent leader of thought, and it seemed to me imperative that the curtain be lifted for him.

THE DEBT OF THE PEACE CONFERENCE TO SEA POWER.

Admiral Mahan in *The Influence of Sea-Power upon History* dwells upon the silent and invisible influence of naval strategy exerted during periods when active hostilities are not in progress, and even during actual and technical periods of peace.

“At a very conspicuous and momentous period of the World’s history,” he tells us (the Second Punic War), “sea-power had a strategic bearing and weight which has received scant recognition; its immense determining influence on the history of that era and consequently upon the history of the world has been overlooked.” Commenting on political conditions in Europe after the Peace of Utrecht, he speaks of “The Power of the Sea whose workings, more silent than the clash of arms, are less often noted though lying clearly enough on the surface”: again, referring to the Seven Years’ War, he says “Sea Power does not appear directly in its effect upon the struggle, but indirectly it is felt in two ways.” With reference to the activities of Clive on behalf of the English in India, he states “as everywhere and always the action of Sea-Power was here quiet and unperceived.”

The enormous influence of “silent and unnoticed” sea-power in politics and diplomacy was manifested after the hostilities of the Great War were brought

to an end in a manner perhaps more striking than in any of the instances of earlier history which fell under the scholarly observation of Mahan. Indeed, when the part played by the British Navy from December 1918 to July 1919 is made clear, it is not too much to say that its influence was paramount in making possible the settlements of the Treaty of Versailles.

The pre-armistice negotiations which covered a period of nearly six weeks and which brought about the armistice of November 11, defined peace conditions far less disastrous to the German State than those which were imposed seven months later by the Versailles Treaty. This discussion is not concerned with the moral values involved in a consideration of that fact; but, in order to point out the significance of the British Blockade of the German Baltic Coast instituted after the armistice began, it is necessary to consider the moral state and the general psychological condition of the German nationals in and out of public office which was produced by the conflict in interpretation of the armistice agreement made by themselves, on the one hand, and by the Allied Armistice Commission on the other (with which body solely, as the agent of the Allied and Associated Governments, the German Government came into contact after November 11 for the purpose of carrying the peace agreement into effect).

The Allied Armistice Commission proceeded upon the principle that the armistice instrument of No-

vember 11 constituted an unconditional surrender. In the German consciousness it did not constitute an unconditional surrender but a capitulation upon terms capable of being met and not subversive of the national honor.

Before the question of interpretation was seriously entered upon, however, the process of military disarmament provided for in the armistice agreement was undertaken, and substantially carried out by the middle of December. By the time this transaction was completed it became apparent that the purpose and intent of the Entente authorities and the purpose and intent of the Germans were as far apart as the two poles. The Entente purpose was to consolidate a peace of victory and to impose heavy retribution upon a completely defeated enemy; the German purpose was to negotiate a peace involving certain concessions and the payment of a sum already limited and fixed in scope by definite agreement. They did not look upon themselves as those who by the fortunes of war had passed under the yoke of a conqueror to whose will they must be completely submissive.

A glance through the pages of the Treaty of Versailles, with its sweeping retributive decrees and its judgment of moral degradation upon the conquered, makes clear the contrast between the moral position of the Germans on November 11, 1918, and their position on June 28, 1919, when their plenipotentiaries signed the treaty.

The states of mind of the opposed belligerent governments and peoples following the cessation of hostilities afforded no possible basis for agreement or common ground for negotiation. The Entente Governments demanded enormous tribute and the destruction of the enemy's actual and potential power. The German Government refused to admit themselves to be in the presense of unembarrassed conquerors, and pointed to the pre-armistice agreement fixing definite terms of settlement.

The psychological environment in which the period of the armistice opened is probably unique in political history. Wars have ended generally in substantial agreement as to the changes in relationship between the belligerents which the war operations had brought about: peace settlements represented the new status quo which both sides recognized; the minds of the parties met in genuine agreement, whereupon they set their faces to the future upon a basis of common understanding.

The contemporary records of the armistice period show that the German Government experienced genuine surprise and consternation when it was found, after the German military and naval equipment had been delivered to the Allied Armistice Commission and the state was defenseless, that German plenipotentiaries would not be received at Paris and that a dictated peace was to be imposed. When they learned not only that this was the intent of the Allied and Associated Governments but that popular opin-

ion supported the governments in this purpose, their bewilderment knew no bounds. Their minds were fixed upon the tenor of the pre-armistice negotiations which the Entente Governments ignored.

Public opinion in the Allied and Associated nations believed that overwhelming victory had been won and surrender compelled: on the other hand, the German people believed that there had been no military surrender, and that peace with honor had been secured. The decision of history that the Germans surrendered in the field may prevail, but there is no possible doubt that this was not believed in Germany during the armistice period. The strenuous resistance of the German Government and people maintained to Entente demands throughout the seven months of armistice was an honest protest against what they believed to be repudiation of binding agreements, and was not a manifestation of treachery or national bad faith. This must be stated if the historical developments of 1919 are to be properly understood.

When in December the Germans comprehended the vastness of the doom which threatened them, they instituted a campaign of passive resistance against the exactions of the Allied Armistice Commission and prosecuted it with the energy of despair. They fought inch by inch against the Entente demands.

The bitterness of spirit which characterized the interchanges with the Allied Armistice Commission

probably finds no parallel in history. In the early months of the armistice it would have been impossible to secure German signatures to the Treaty of Versailles. The Allied armies which lay along the Rhine might have advanced and occupied Berlin, but had they done so they could not have compelled the German people to accept the Versailles Treaty at that time. Nothing less than a decimation of their numbers by a general and systematic massacre would have destroyed their will to resist.

How, then, was it brought about that in the summer of 1919 German plenipotentiaries journeyed to Paris and attached the official signature of Germany to the Treaty?

There is no force which is so effective in breaking the collective will of a community as the unremitted pressure of hunger exerted over a considerable period of time, and it was by subjecting the German nation to hunger and privation steadily increasing in intensity throughout the armistice period of seven months that the German will was weakened and the power of further resistance destroyed.

It is no doubt true that the armistice lasted seven months, not because seven months were needed to draft a treaty at Paris, but because seven months pressure of starvation was exactly the period of time required to reduce the enemy to a frame of mind in which he could be made to accept the agreements which it was the purpose of Parisian diplomacy to impose.

The British Blockade of the Baltic Coast, "silent and unnoticed," in the phrase of Mahan, was the instrumentality that enabled the peace-makers at Paris to carry their plans through to fruition. In the deliberations of the Supreme War Council which immediately followed the day of armistice it was clearly perceived that the Germans would not recognize that the armistice agreement constituted unconditional surrender, and that the mere menace or exercise of military force could not compel their acquiescence in destructive and humiliating terms. In a word, conquest of the enemy had not yet been attained.

European diplomacy was not slow to recognize the instrument which lay ready to its hand at this anomalous juncture. The reopening of visible hostilities against an unarmed foe after the signing of an armistice could not be explained to a war-weary world, but silent and unnoticed sea-power was now available in a way which had not been possible during four years of war.

During the war the Baltic had been a German lake. German coast-wise commerce, and commerce with the Scandinavian countries, had been uninterrupted and, more vital than all else, abundant food supplies had poured in in deeply-laden German and Dutch fishing boats. After the armistice an open Baltic became a veritable condition of German existence; German frontiers on the west, south and east were held by hostile forces; only the north lay

open, and only through this sea opening could the breath of national life now be drawn.

The Supreme War Council summarily dismissed from consideration certain clauses of the armistice which contemplated supplying food to Germany during the continuance of the armistice, and ruled that a provision which declared that German ships at sea should remain liable to capture became applicable to the Baltic Sea.

Under orders in Council, therefore, the British fleet, on December 4, occupying a base at Reval, instituted a war-time blockade of the entire German Baltic coast. German coast-wise commerce and Baltic trade summarily ended; fishing-boats and food ships ceased to enter port. The rigors of the blockade were not remitted until the following July.

The historical records of the six months period which followed present a picture of progressive general starvation in Germany and an outstanding example of the influence that sea-power may be made to exercise upon history. The reason for the supremely leisurely and deliberate quality of the proceedings at Paris may be found in a study of the meaning of the silent operations in the Baltic. The endurance and resiliency of the German people did not crack until June 28, 1919; had their powers of resistance sustained them until September first, September first, instead of June 28, would have been made historic as the date of the signing of the Treaty of Versailles.

The debt, then, that the statesmen of 1919 owe to sea-power must be acknowledged. Entente diplomacy, following the armistice, was in fact in a very embarrassing position. The accounts broadcast throughout the world from Paris and London during that period of emotional upheaval pictured an overwhelming military victory, with the Allied and Associated powers in the role of unfettered conquerors. War ministries were at once given new mandates from the people who called upon them to consolidate the victory.

Having assured the people that victory was won, it would be an intolerable anti-climax to publicly announce afterwards that the conquest was not yet complete. To call upon the support of the peoples for further military operations of an obvious character was impossible.

But through the agency of silent and unnoticed sea-power it was not impossible to bring the recalcitrant enemy to terms, and to do this in fact without unnecessary publicity and without unsettling the serene conviction of public opinion that the long struggle was ended. Time only was needed to make actual the psychological relationships between conqueror and conquered which public opinion west of the Rhine believed to exist already.

In the long months, therefore, which followed the armistice and preceded the treaty the function of the Baltic blockade was given no publicity; sea-power became the modest hand-maiden of diplomacy,

silently and unobtrusively doing the work which was to relieve the leisurely negotiators at Paris of their embarrassment.

When, as a result of the operations in the Baltic, the negotiations at Paris were at last crowned with success, the bull-dogs of the sea relaxed their grip and departed as silently and unobtrusively as they had appeared in December.

The history of the Paris Peace Conference rings with the prestige of premiers and statesmen, but they, better than any others, know the debt of Ministries to Sea-Power and how true were Admiral Mahan's conclusions as to the influence of Sea-Power upon history.

One of the most outstanding facts of the post-Armistice period, which period is replete with grotesqueries and undisclosed paradoxes, was the successful suppression of public disclosure of the fact that Germany was militarily conquered by famine by a seven-months naval blockade, after the Armistice.

It is a tribute to the perfection of the vast organization maintained at the time by the Supreme War Council to carry out its purposes, and of the universal control of news-distributing agencies which the Supreme War Council exercised. It is also a tribute to the supreme skill with which it covered its tracks and covered them so deeply that the facts remain almost universally unknown today.

Nevertheless it is of record that the British Navy ex-

cluded all food from Germany by a rigid naval blockade of the Baltic Coast from December 4, 1918, until the Treaty was signed, and that the Peace Conference has the British Navy to thank for the fact that it was able to impose its own terms on June 28, 1919. Filling the air in recent years with emotional appeals for solidarity and moral principle, and with the discussion of abstractions, has well-served the purpose of Old World statesmen in deflecting attention from a scrutiny of post-Armistice dispositions which might bring embarrassing disclosures.

A copy of this memorandum was sent to the Naval Institute, Annapolis, Md., for its information.

THE ENTENTE CRY FOR HELP.

ACTION OF SUPREME WAR COUNCIL TAKEN AT CONFERENCE JUNE 1 AND 2, 1918.

“The Prime Ministers of France, Italy and Great Britain, now meeting at Versailles, desire to send the following message to the President of the United States:

“We desire to express our warmest thanks to President Wilson for the remarkable promptness with which American aid in excess of what at one time seemed practicable, has been rendered to the Allies during the past month to meet a great emergency. The crisis, however, still continues. General Foch has presented to us a statement of the utmost gravity which points out that the numerical superiority of the enemy in France where 162 allied divisions now oppose 200 German divisions, is very heavy, and that, as there is no possibility of the British and French increasing the number of their divisions (on the contrary they are put to extreme straits to keep them up) *there is great danger of the war being lost* unless the numerical infirmity of the allies can be remedied as rapidly as possible by the advent of American troops. He therefore urges with the utmost insistence that the maximum possible number of infantry and machine-gunners, in which respect the shortage of men on the side of the allies is most marked, should continue to be shipped

from America in the months of June and July to avert the immediate danger of an allied defeat in the present campaign owing to the allied reserves being exhausted before those of the enemy. In addition to this, and looking to the future, he represents that *it is impossible to foresee ultimate victory in the war unless America is able to provide such an army as will enable the allies to establish ultimate superiority.* He places the total American force required for this at no less than 100 divisions, and urges the continuous raising of fresh American levies which, in his opinion, should not be less than 300,000 a month, with a view to establishing a total American force of 100 divisions at as early a date as this can possibly be done."

"We are satisfied that General Foch, who is conducting the present campaign with consummate ability, and on whose military judgment we continue to place the most absolute reliance, is not overestimating the needs of the case, and we feel confident that the Government of the United States will do everything that can be done, both to meet the needs of the immediate situation, and to proceed with the continuous raising of fresh levies calculated to provide as soon as possible the numerical superiority which the Commander-in-Chief of the Allied Armies regards as essential to ultimate victory."

From "The Great Events of the War" (published by the National Alumni, 1920) Vol. VI, p. 187.

The Library of Congress is an inexhaustible mine of valuable information in general, and in particular of all that pertains to the United States Government, its functions and its policies. In the field of history, politics, finance, economics, commerce and industry, almost any information may be found here if the student will patiently search for it. Sometimes his researches will seem barren for days at a time; sometimes a few hours of effort will reveal unexpected founts of knowledge. It is like the luck of fishing, and not without some of the charm of that pastime.

Late in 1923 I was looking hastily and with some distaste through many volumes of the lighter and less consequential war literature of 1920. I turned indifferently the pages of one of these volumes when my eye lighted on the dispatch of June 2, 1918. I read it with amazement and incredulity. I had not known of its existence, and I did not believe that anybody else knew of its existence. It shed a flood of light on the military campaign of 1918.

In 1923, propaganda to prove that the United States had done nothing toward winning the war except lend money was at its height and apparently attaining success. On the theory that the Allies had done all the fighting and won all the battles there was a growing belief that America owed her safety to the valor of others and that the least she could do now was to pay for the war.

The discovery of this dispatch was of the greatest importance at this juncture. I made inquiries of the Government about it. No one whom I talked to in the State Department had ever heard of it. The Army War College had never seen it, nor the General Board of the Navy.

I inquired of a member of the Foreign Relations Committee of the Senate whether he had knowledge of the dispatch. He answered that he had not, and furthermore

he said that no other member of the Committee knew of it. I gave him a copy at his request.

It was read twice on the floor of the Senate in the space of three weeks, and published three times in the Congressional Record.

About this time the President of the Belgian Senate made a contemptuous speech in which he declared that the United States rightfully owed the Entente States eighty-eight billion dollars.

Senator Borah replied in a brief speech. He adverted briefly to the Belgian's remarks, and as a reply found it necessary to do no more than read this dispatch.

This document, in fact, is the keystone of the arch of the American case in Europe. Its publication in 1923 brought to an end the bombastic claims of military victory, and effected a recasting of popular judgment here upon the part that the American Army had had in bringing the war to a close.

Two years later a Washington journalist given to gossip discussion disclosed the following bit of news:

“One of the world's great powers is on the still-hunt in the United States in connection with a leak of a profound state secret dating back to the last year of the late war. The text of a document which was regarded theretofore as the most confidential of diplomatic papers found its way into print in this country: How and why the beans were spilled is the mystery the Government in question is bent upon solving. It possesses one of the finest secret services on earth, with a reputation for getting its man sooner or later, and the odds are thought to favor a successful termination of the chase.”

MR. BOYDEN'S POSITION.

December 23, 1923.

The Secretary of State.

Dear Sir:

I have the honor to invite your attention to the address of Mr. Roland W. Boyden before the New England Society on Saturday, set out below, and to certain exceedingly grave errors which I believe characterize his views.

(Clipping of address from New York Times of December 23, 1923.)

Mr. Boyden is entirely right in proclaiming the fact that Germany's obligations under the Treaty of Versailles are entirely beyond the capacity of the debtor to pay, but he advocates their reduction only because he believes that by that procedure more money can be gotten out of Germany than by not reducing them.

He says:

“No nation loses a cent by bringing the burden within Germany's capacity. No one has ever suggested that Germany be relieved of any obligation which she can pay. No one makes the suggestion out of any sentimental regard for Germany. It is made in order to increase the payments from Germany and it will inevitably have that effect. * * *

The present condition of Germany and the unsatisfactory results from reparations are due,

not to the fact that Germany did not know that she was beaten or to the fact that the allies did not dictate peace in Berlin. * * * The results are due to economic causes * * * I am far from absolving Germany from the results to herself and the world. * * * She could have done more than she has done; she ought to have shown more genuine acceptance of the arbitrage of war which she herself invited. But I am talking tonight from the point of view of those nations which won the war and which therefore have the real responsibility. * * * And entirely apart from the question of its success or failure I regret the Ruhr occupation because I believe it to be a breach of the Treaty with Germany, not merely a technical breach but a breach of the true spirit and intent of the Treaty. * * * We ought always to remember also that England's claim against these countries (France and Belgium) are as valid as ours * * *. Nor would I be willing to push France and Belgium to the limit of their capacity as I would Germany."

In the light of the official records of which the State Department has cognizance and of the clarification which they have been undergoing for several years permit me to analyze briefly the significance of these statements of Mr. Boyden.

1. "No one has ever suggested that Germany be relieved of any obligation which she can pay."

This is wholly false. There is a strong and growing body of opinion which believes, as I do, that

Germany is under no moral, or valid legal, obligation to pay one cent in excess of damages done in war to civilians who suffered by military operations by sea, land and air. No impartial jurist having the facts in his possession can reach any other conclusion. It has already been publicly suggested that Germany be relieved of all obligation in excess of this, and it has been publicly pointed out that the honor of the United States is here involved.

2. "The present condition of Germany, and the unsatisfactory results from reparations are due, not to the fact that Germany did not know that she was beaten or to the fact that the allies did not dictate peace in Berlin."

This statement has not a vestige of foundation in fact; it is of the fine flower of the post-armistice propaganda which created a dishonest legend of military victory. Germany knew that she had not been beaten in war, and the Germans know it today.

They know that at the end of the war the allies were not strong enough to force the agreement known as the Treaty of Versailles upon them, and that it was not until after they were disarmed that, by treachery, siege was laid to them by sea and land blockade and maintained for seven months or until starvation compelled capitulation. They know that they were undone by treachery and that the Treaty is void for duress. The reason why the allies did not march to Berlin is an interesting one: it has not yet been disclosed publicly.

3. "The results are due to economic causes."

The results are not due to economic causes but are due to political causes solely. The economic conditions of which Mr. Boyden speaks are results and not causes. The political chaos now devastating Europe is rooted deep in psychological causes which we ignore at our peril. Mr. Boyden appears to be ignorant of them.

4. "I am far from absolving Germany from blame for the results to herself and the world. * * * She could have done more than she has done. She ought to have shown more genuine acceptance of the arbitrage of war which she herself invited. * * * I am talking from the point of view of those nations which won the war."

These sentences might have issued from the mouth of Andre Tardieu or the editor of the English National Review. They are of the essence of the political Phariseism of those who were responsible for European post-armistice policy at Paris. I need not review the data I have heretofore filed in the State Department: Germany did accept the arbitrage of war and left the battle-field not without honor—as strong men have understood honor throughout history. She has not accepted the arbitrage of treachery and chicane forced upon her when disarmed and helpless. The German Republic today is the only government of consequence in

Europe which need not fear an examination of its good faith.

5. "Entirely apart from the question of its success or failure, I regret the Ruhr occupation because I believe it to be a breach of the Treaty with Germany, not merely a technical breach but a breach of the true spirit and intent of the Treaty."

The dangerous nature of Mr. Boyden's advice to the American people is evident here. He would maintain the sanctity of the Versailles Treaty and persuade the American people to take the necessary political action to strengthen it. He asks that "the true spirit and intent" of that treaty be sustained by the United States. He concludes by declaring that England's claims against France and Belgium are as valid as ours, and he would not push France and Belgium as he would Germany.

The Treaty of Versailles, as I have pointed out before, was a conscious conspiracy to stave off European bankruptcy by obtaining the gold of the American people by deceit and fraud. Fictitious values based upon a fabulous German indemnity were to be accepted by American private investors as good and negotiable securities. Not the least of the motives involved was the weakening of the national power of the United States.

Mr. Boyden has been for a long time the American unofficial member of the Reparations Commis-

sion. When he addresses American audiences he is, unless publicly repudiated by Government, clothed with authority and prestige. Yet it does not seem possible to me that the State Department could be willing to sponsor his utterances.

I do not know in what field Mr. Boyden's mind was occupied in the autumn and winter of 1918, but it is apparent that it was not fixed upon political events from any standpoint of observation which makes his judgment of value today. He does not know how the war ended. He is one of that army of earnest men whose point of departure in considering European questions is June 28, 1919. I venture to say that if Mr. Boyden were required to state the developments in Europe, showing cause and consequence from October 4, 1918, to February 14, 1919, he would have to declare himself substantially ignorant of what transpired. Yet he, and hundreds of Americans whose voices are more influential than his own, hopelessly deluded and uninformed, are entirely willing and even eager to mold American public opinion.

I wonder sometimes if among these men there are any who really knew what was in the minds of the Supreme War Council. If there be any such among those who are today urging their fellow-Americans to have the United States take some action equivalent to ratification of the Versailles Treaty they are seeking to compass an act of political treason of the deepest dye.

At any rate thousands of Americans today are breathing a political philosophy inspired by Europe's master minds, telling of a victory in war which is only a legend born of the great Paris hoax and urging the American people to adopt a foreign policy which can be regarded as sane only if the legend and the hoax are accepted as things of substance and reality.

The United States Government, under the administration of no matter what political party, does not have the right to conceal any facts of far-reaching political importance from the people of the country. Upon such facts the people and not the government have the right to make decisions. Above all, the Government does not have the right to permit the misstatement of facts of far-reaching political importance to be made under its own auspices. When they seem to be so made it is its duty to contradict them.

The officials of the present administration have had more than two years in which to examine the official records and to learn what they did not know when they took office. It must be known to the administration that Germany was not beaten on the field of battle, that a compromise peace was signed which was binding, that the United States was then and is now bound in honor by the terms of that peace, and that the Entente States were and are today so bound; that the American peace negotiators were tricked and deceived into signing a perfidious

treaty, and that the American people have been and are still the victims of a dishonest European propaganda.

The Government has not yet permitted the necessary facts to be disclosed. Is it willing to be responsible for a final settlement with Europe endorsed by an American public which is no better informed than it is today and which is, in fact, being dangerously misled by spokesmen as close to the Government as is Mr. Boyden?

Very respectfully,

The letter of Mr. Boyden, here discussed, was substantially an appeal to the American people to uphold the sanctity of the Treaty of Versailles. Mr. Boyden was too generally recognized as a spokesman of Government policy to permit his position to go unchallenged.

January 19, 1924.

THE WORLD COURT.

MEMORANDUM.

THE PERMANENT COURT OF INTERNATIONAL JUSTICE.

The United States cannot, without soiling its national honor and impairing its sovereignty, take action making valid and giving legal sanction to the permanent court of international justice erected by the Council of the League of Nations, for the following reasons:

1. The League of Nations exists and can derive validity from the Treaty of Versailles alone. The Treaty of Versailles is void and voidable for fraud and duress in its procurement,—fraud permeates the structure of the League of Nations which is a political instrument of the Supreme War Council; and the permanent court, partaking of the nature of its creator, cannot possibly take on the quality of an honorable tribunal of justice.

2. The permanent court is necessarily incompetent to pass upon the validity of the Treaty of Versailles and therefore cannot contribute to a real judicial settlement of rights in Europe. Being the creature of the Treaty of Versailles it cannot possibly deny the author of its being. If it declared the Treaty of Versailles invalid it would thereby deny its own

legality. The purpose of its creators was primarily political—to give a legal sanction which it does not yet possess to the Versailles Treaty.

3. The people of the United States have repudiated the Treaty of Versailles and the League of Nations. It would be a misrepresentation to tell them that adherence to this protocol would not be equivalent to ratification of the Versailles Treaty, as well as the League of Nations, for it would carry with it the unequivocal moral support of the United States to both. Its significance is political and not judicial. It would bolster up the tottering structure of fraudulent European finance as effectively as if the American Senate had ratified the Versailles Treaty in 1919. The primary purpose of the Versailles settlement, as set forth in former memorandums, was to effect European control of American financial instrumentalities; by hidden and insidious means to draw the wealth of America into Europe under conditions where it would fall under European control, and thereby weaken the independence and lower the war-making potential of the United States. European statesmanship fears and hates the power, and dreads the spread of the political philosophy, which are embodied in the government of the United States. Their judicial systems cannot work together in a common tribunal: the American court of justice is independent of and does not bend to political power; the European court of justice is subservient to political authority. It would be

possible for the international court to function only under the European judicial system.

4. The United States has no jurists skilled in the intricacies of European political method. The qualities of the American jurist alone would not make the services of an American on the court valuable. He would inevitably perform the disservice to the United States of joining in decisions whose primary purpose was to bolster the doubtful sanctions of the Versailles Treaty.

5. The European official mentality is ingrained with venality and corruption. The Entente civilizations have spent themselves, and their public personalities now manifest the cunning and indirection by which ambitious weakness attempts to retain the advantages of a power that has slipped from it. The initial meetings of the Reparations Commission in February, 1919, were dominated by the Europeans under the leadership of Lord Birkenhead, Lord Cunliffe, formerly Governor of the Bank of England, Lord Sumner, and Sir Gordon Hewart.

They contrived that the Commission should find that the agreement of November 4 was not a limitation upon the right of the allied and associated powers to impose penalties. Their legal consciences were fully informed of the plain and practical principles of law and justice by which they were bound. They knew that the limitation existed, and they deliberately falsified the precedents of the past and the principles of legal justice of a thousand

years, under the dictates of political expediency. They also knew that their violation of good faith constituted an act of perfidy and treachery practiced on a scale unknown in all the world's history.

Having taken this action they proceeded with the stealth of conspirators to conceal their falsification of age-old law until their unlawful purposes were accomplished, knowing that it could not be done in the light of day. These purposes, as stated above, were dictated by a deep-rooted antagonism to the United States and its institutions.

Having in mind the conduct of these men in February, 1919 and the characters which they there revealed, the following circumstances are to be noted:

1. Lord Birkenhead, formerly known as "Galloper Smith," is Lord High Chancellor of England. His decision which ended the deliberations of the Overseas Prime Ministers in 1921 that the Japanese Alliance by its terms could not be terminated until the lapse of two years was in keeping with his earlier application of principles of political expediency.

2. Lord Sumner who, in person, argued in February, 1919, that the agreement of November 4 was not a limitation upon the right to impose indemnities now holds the office of Lord Justice of Appeals.

3. Sir Gordon Hewart, who in February, 1919, omitted no resource of finesse to keep the proceedings of the Reparations Commission secret and whose efforts were crowned with entire success, has

now been rewarded with a peerage and holds the office of Lord Chief Justice of England.

Birkenhead, Sumner and Hewart are forsworn and perjured men, yet they sit in the plenitude of power at the apex of Britain's judicial system. They are peculiarly adroit and unscrupulous politicians, and their conceptions of law are permeated with cynicism. The European representatives on the permanent court of international justice will be chosen by the influence of these men acting in collaboration with similar personalities on the Continent.

It is not possible for honorable American jurists, reared in that conception of justice which emancipates the judiciary from control by the political power to sit in a tribunal of this character without irreparable loss of dignity and power to the United States.

The author recognizes that a charge against the judicial integrity of men who occupy, or have occupied, the positions of Lord High Chancellor, Lord Chief Justice of England, and Lord Justice of Appeals, if made in England, would be comparable in gravity to a charge made in America against the judicial integrity of the Chief Justice of the United States.

But Great Britain is a foreign state, and Englishmen are foreigners. Their officials are subject to fair comment and their official actions to the scrutiny of the world. It may be to the interest of Englishmen to cover the careers of Birkenhead, Hewart, Sumner and Cunliffe with the mantle of official sanctity. No such obligation rests upon an American observer.

THE BOK PEACE PLAN.

January 8, 1924.

Dear Mr. Hills:

I take pleasure in enclosing to you, as a member of the American Society of International Law, a copy of the winning plan selected by the Jury of the American Peace Award, from over 22,000 plans submitted, as the "best practicable plan by which the United States may cooperate with other nations to achieve and preserve the peace of the world."

Throughout the country, the keenest interest is being manifested in the "referendum" on the winning plan. The press is carrying the ballot widely, and organizations with a combined membership of many millions are distributing the plan with the ballot to each of their members for a vote. We believe that the returns will constitute not only an expression of opinion on the given plan, but a valid indication of the true feeling and judgment of the American people as to the proper relation of the United States to any form of international action looking toward the prevention of war.

The particular interest of the American Society of International Law in the questions involved in this matter makes the opinion of its members especially valuable. Our committee would greatly appreciate the privilege of having your full judgment on the winning plan, of any length you may care to

make it. You will understand, of course, that no use will be made of your expressed opinion unless you specially say that it may be published, and it will in no case be interpreted as expressing the views of the Society.

Sincerely,

ESTHER EVERETT LAPE,

Member in Charge.

Miss Esther Everett Lape,
American Peace Award,
342 Madison Ave.,
New York, N. Y.

Dear Miss Lape:

I beg to thank you for your letter of January 8 enclosing a copy of the winning peace plan and inviting my judgment, as a member of the American Society of International Law, upon it, it being understood that my views are not interpreted as expressing the views of the Society.

Inasmuch as I have devoted my entire time for the past five years to the study of post-armistice history, basing it upon the scrutiny of original records primarily, and have carried on these studies with the hope and intention of contributing something to the cause of peace, I feel that I ought not to decline your invitation to comment freely upon the peace plan. Yet I do so with real reluctance because my position is one of entire dissent and involves denial of the premises upon which the peace plan is founded. If I could admit the premises, I

could conscientiously admit the skill, scholarship, logic and general excellence of the authorship of the plan. But the plan is founded upon the premise that generally among the governments of the world there is a will to international peace, and it refers to the existing League of Nations as the best evidence of this fact. I shall be compelled to dispute this premise and shall endeavor to show that the will to international peace, a prerequisite to this plan, does not exist.

I should, perhaps, prepare the reader of this letter, here, for the character of the matter which is to follow, for in so far as what I say carries conviction, it will shock the conscience of all who have not grasped the philosophy of history or accurately studied the forces which direct the policies of governments and suggest their methods. I shall tell how the Great War was ended and how the peace was made, letting the reader perceive the discrepancy between the facts as I state them and the views which are generally held by the people of the United States today. My purpose in doing this is to show how little public opinion has to do with decisions of war and peace, how easily it may be deceived, and how deeply it is deceived now as to the character of the war settlement that has been made.

In 1918, after four years of war, Germany would have been completely victorious over her European adversaries if the war strength of the United States had not been exerted in the nick of time. The re-

treat of the German armies on the western front which began in July was a very masterly and orderly withdrawal. The front was never broken and the retreat was not characterized by disorder. At no point and at no stage can there be said to have been a rout. The German line was intact and military disaster was not imminent when the Allied Governments signed the armistice agreement on November 4. The important fact is to be noted here that the German armies successfully held the front against their adversaries until the allied governments found it expedient to make peace upon agreed terms formulated in October and definitely accepted by them on November 4. The fighting ended with the signing of the military armistice terms which were made in pursuance of the November 4 agreement on November 11. These statements are strictly in accordance with the evidence of the military records.

The peace agreement formulated in October was explicit and easily understood. A series of six notes, beginning with the German request for an armistice on October 4 interchanged between the German Chancellor and President Wilson, the authorized spokesman of the allied governments, resulted in a meeting of the minds of the German Chancellor and President Wilson. President Wilson then submitted these terms to the allies for their acceptance or rejection. The Supreme War Council which consisted of the executive heads of the allied states accepted

the terms unequivocally on November 4, and in express terms limited their own right to reparations to claims of citizens injured by military aggressions by land, sea and air. Germany was to cede Alsace-Lorraine to France and give up certain other territory. There were no other penalties imposed upon her. The paramount war aim of the United States had been the overthrow of autocracy and this had been accomplished to President Wilson's satisfaction, before the armistice was signed, by the abdication of the Kaiser and the reconstruction of the German government upon the republican principle. The people did not revolt against their government; its form was changed voluntarily in order to meet President Wilson's terms. These papers have all been published and are readily available for reference.

The Treaty of Versailles needs but to be perused to perceive that it is a peace settlement of frightful severity. In its effect it is not different, except in magnitude, from the settlements which the Assyrians of old imposed upon their conquered enemies. It was signed after the lapse of seven months during which the status of armistice prevailed. Its framers frankly proclaim that the pre-armistice negotiations in October have, in law and morals, no continuing significance, that they were not binding. The grounds upon which the Treaty of Versailles claims validity are overwhelming military victory over an enemy who was guilty of willing the war,

whose purpose was aggression and conquest, whose methods of war were barbarous, and who, therefore, is rightfully to bear the yoke of such a settlement as the Treaty of Versailles imposes.

But this claim is afforded no sound foundation in law or morals. The charges that Germany willed the war, that its purposes were aggression and conquest, and that its methods were barbarous are grave charges. They have not yet been impartially considered, but even if true they cannot furnish a basis of validity for the Treaty of Versailles. They were condoned in the peace agreement of the allies on November 4.

Victory in the field, signified by the unconditional surrender of military forces, gives undoubted legality to the settlements of a hard peace. Victory, signified by unconditional surrender, is the firm foundation upon which the makers of the Treaty of Versailles claim validity for that Treaty. Let me call attention again to the contents of the October notes and to the written acceptance by the Supreme War Council of their contents on November 4. The intellect revolts at the suggestion that this agreement constituted an unconditional surrender, or that it constituted a surrender at all. It was a war settlement which was disadvantageous to Germany but which did not imperil the independent life of the nation or destroy the national honor.

The claim of the makers of the Treaty that the pre-armistice interchanges and the agreement closed

on November 5 have no continuing significance is in plain words (and I may be justified in beginning to use plain words at this point) a claim characterized by colossal impudence. It is so sinister in its implications that if accorded validity future generations will see the social structure disintegrate. First of all it means that President Wilson's negotiations with the heads of the enemy state looking to an agreement for the termination of hostilities (in which he appealed specifically to their good faith) were not characterized by good faith on his part but were in the nature of a *ruse de guerre* by which the enemy might be entrapped into our power. Secondly, it means that in the international law of the future and under the laws of war, negotiations for peace may be repudiated if it is possible to prevail against the enemy by the use of the ruse. It is needless to say that idealistic agreements conceived in peace time cannot prevail in the future war settlements against this concrete precedent. The bases for the exercise of good faith in negotiating for the termination of hostilities have been swept away, and representations made under the protection of a flag of truce can no longer be accorded credence. It may be recalled in this connection that, under the last of the six conditions which at that time Emmanuel Kant conceived to be essential for the establishment of perpetual peace, was the declaration "there shall be no violation of armistice." A search through history will also show that most of the European

wars were not ended by unconditional surrender, that the terms of settlement were arrived at while hostilities were pending, and that peace settlements were made in good faith in accordance with those terms.

If you agree that what I have said above is sound and that my statement of the facts is correct, you will no doubt agree with me that the only honest settlement of the war would be one drawing its validity from the armistice agreement, which was itself a protocol of peace; and which did not constitute a violation of that agreement. Such a settlement alone would bring about that meeting of the minds of warring governments and peoples which allays the hatreds, fears and suspicions of war, and reestablishes that minimum standard of good faith without which society cannot be held together.

It was to this honest and rational settlement that the American negotiators at Paris were committed, and in this cause the honor of the United States was involved. It was under the strain of his efforts to maintain the sanctity of the armistice agreement that President Wilson's strength of body and mind gave way. He knew that no league of peace could come out of councils tainted by treachery, cruelty, dishonesty and fraud.

In the last sentence I have used strong terms, but not as expletives. They are merely descriptive, as I shall endeavor to show, of the purposes and policies and methods conceived and followed by the Su-

preme War Council the moment that the German army was disarmed and the German navy delivered to the allies.

On November 11 the German statesmen and the German people were prepared for and were expecting a peace settlement in accordance with the agreement signed by the allies on November 4. They were no more a conquered people than the nations of the Entente themselves. During the next three weeks they gave up all their war equipment in accordance with the military armistice terms relying fully upon the good faith of the agreement of November 4. In December they remained an unconquered people, but they were now defenseless.

The brutal truth is that it was during the seven months of the armistice status, and not the four years of fighting, that Germany was overwhelmingly defeated. As soon as the lack of military equipment made it impossible for Germany to renew hostilities, the allies sealed every frontier against her and rigidly excluded the importation of food from any quarter. Throughout the war the Baltic Sea had been controlled by Germany, she was able to import food from the Scandinavian countries, and the Baltic fisheries generously supplemented other food supplies. No sooner had the German state become defenseless than a naval blockade of wartime severity was established along the entire German Baltic coast contrary to the terms of armistice, and expressly for the purpose of inflicting starvation upon

the German people. It was unrelentingly maintained throughout the period that the Peace Conference sat in Paris, and it was the frightful mortality from famine, the physical suffering and the moral depression which it produced, and these things alone, that made it possible to obtain German signatures to the Treaty of Versailles on June 28, 1919. The Peace Conference at Paris was protracted for seven months only because the conquest of Germany by starvation could not be accomplished sooner. During this period American idealism was exploited by the adoption of a philosophical league of nations.

These facts, the truth of which is amply sustained by official records, sustain my charge that treachery and cruelty characterized the purposes and methods of the Supreme War Council. Indeed I believe that history affords no other instance of so base a betrayal and moral reversal.

I have said above that the methods of the Supreme War Council were methods of deceit and fraud. These were practiced not only in dealing with Germany during the seven months of armistice but to a far greater degree in the dealings of the Supreme War Council with the American negotiators and with the American people. It is due to a process of deceit and fraud unparalleled in the scale upon which it was practiced, and unequaled in history for its subtlety and audacity, that the American people, after the lapse of five years, remain uninformed of the facts which I have set forth above.

The conspiracy by which the American people, and the public opinion of the world, were hoodwinked was made possible by a world-wide control of cable, telegraph and wireless systems which was centered in Paris. For the first time in history, owing to the mechanical perfection of the new inventions for the transmission of news, and to the centralization of control over their use which war conditions had made possible at Paris, a governing group had it in its power to direct and control the public opinion of the entire world. With the efficient tool of the censorship, it was possible for the Supreme War Council to hew and mould the judgment of men as the artist hews and moulds the sculptor's clay.

Let us examine now how daringly they exercised this power, and into how fantastic a form they moulded their clay.

Immediately after the signing of the armistice an opaque curtain of censorship was dropped between Germany and the rest of the world. No communications were allowed to issue out of Germany except those which passed through the channels of the Armistice Commission or the Naval Blockade Commission. What transpired in Germany during the seven months of armistice was sedulously concealed from the world. What purported to be information of conditions in Germany, transmitted from Paris by direction of the Supreme War Council was in all essential particulars a deliberate falsification of the truth. Behind the dense curtain the German Repub-

lic was dedicating itself to liberal institutions and honestly seeking the reestablishment of peace abroad upon that basis of settlement upon which hostilities had been brought to a close. But the Supreme Council, having determined to repudiate that settlement, was compelled to find means of coercion if the German Republic was to sign a treaty involving conquest, tribute and national dishonor. I have used the terms treachery, perfidy and cruelty in characterizing the purposes of the Supreme War Council. They are not terms of exaggeration when applied to such an act as the blockading of the German Baltic coast in December, nearly a month after the hostilities of war had ceased, and when it is realized that this was an instrument of slow torture applied unremittingly for seven months and directed solely against women, children and defenseless civilians. (If I may be permitted to digress here for just a moment, let me beseech those who, while actuated solely by humanitarian motives, advocate a measure which would obligate the United States to participate in "economic blockades" at the behest of foreign governments, to pause to consider what a great engine of cruelty the blockade may be and how readily it may be misused.)

For seven months the German people resisted submission to the yoke of slavery. They sought to be heard by the allied peoples, but their voice was smothered by the mailed hands of the Armistice Commission and the Blockade Commission. In the

presence of a stupendous moral betrayal their consciences were shocked beyond measure. They were offered the choice between the Caudine yoke of conquest or the destruction of the nation by starvation. They opposed uncompromising moral resistance to the yoke of conquest until their physical powers could no longer resist the ravages of famine. The seven months of armistice is a measure of the morale and fighting-power still possessed by the German nation on the day of armistice; and, as I have said above, the conquest of Germany was effected in the period of armistice and not in the four years of fighting.

So much for what transpired in Germany behind the curtain of the censorship during the seven months of armistice. Let us see how the Supreme War Council was preparing a trusting world for favorable reception of the Treaty of Versailles.

Having dropped the opaque and sound-proof curtain of censorship between Germany and the rest of the world, a falsified account of how the war ended could be given currency by authority and accepted by public opinion implicitly, for no audible voices would be raised to deny it. If the proclamation of an overwhelming military victory and an unconditional surrender were made, and accepted by the world in December, the Supreme Council would be able to make that proclamation good in the following June when slow starvation had reduced the German powers of resistance to a state equivalent to that of unconditional surrender.

This was the course which the Supreme War Council followed. An examination of the press in the United States and the Allied countries during the period of armistice discloses a picture of overwhelming victory against a treacherous enemy who has abjectly surrendered and who has the right only to hope for such small crumbs of mercy as the victors in their discretion may choose to leave him. The flames of hatred against the Germans were undoubtedly fanned by the allied propaganda offices by false accounts during the armistice of treachery and bad faith on the part of the German government for the purpose of preparing public opinion to accept at a later date the terms of an Assyrian peace with complacency. The newspaper accounts of events in and out of Germany during the seven months of armistice do not check up with the official records, but are in flagrant conflict with them. The influences which succeeded in foisting this legend of overwhelming victory upon the public opinion of a world also controlled the writing of the histories which were published following the war. All this literature must shortly pass from the shelves of the libraries, for it does not bear the test of research.

The conspiracy of the Supreme War Council, the most elaborate, far-reaching and unscrupulous political conspiracy in history, succeeded, thanks to the ease with which the new inventions for the dissemination of news could be brought under a single

control, in causing the Treaty of Versailles to be signed by Germany and to be tolerated by the peoples of the world. In order to secure it, seven months of silent, secret and ruthless war against a defenseless enemy after open hostilities had ceased had destroyed what remained at the armistice of the structure of civilization in Europe. Not without reason the German Government had recalled to the minds of the Supreme War Council the warning of the Sibylline Leaves: "to the victor also the victory may be deadly."

The sinister chronicle which I have outlined above is true. The question is inevitably suggested "Why did the minds of the statesmen of Europe conceive so destructive a purpose?"

Their motives were not disclosed, but the lapse of the years have made it less difficult to recognize them. A body of men who could conceive of such a betrayal of an enemy as that involved in the Treaty of Versailles would be capable of any policy which would lead to the concentration of power in their own hands.

When the war ended they were keenly conscious of the fact that the stored-up wealth of Europe was gone. Yet the framework of their financial structure, their instrumentalities for handling and controlling money on a great scale, were intact. They wished to retain their power over the world's wealth, but this wealth now lay almost entirely in the United States. The creation of an enormous credit in Eu-

rope therefore, must be effected in some way; there must be something to take the place of or give substance to vast quantities of securities which had now become but valueless paper. There must be something which Europe could exchange for the gold of America.

This is the explanation of the falsified armistice, the manufactured legend of a military conquest, the fantastic indemnity demanded by retributive justice. First discussing a tribute of a hundred billion dollars the Supreme War Council finally fixed the amount at thirty-three billions. German bonds for this amount were to be put on the market and sold broadly to private investors. The United States was the only available market. Here they would be sold for gold, and the gold would flow back to Europe and into the empty Entente treasuries. A hopeless financial situation might thereby be saved, and there was a chance that Europe's supremacy in the field of finance might be retained.

The conception reeked of financial dishonesty. The German signature to the Treaty of Versailles had been obtained by duress and fraud; the obligation of thirty-three billion dollars was beyond the country's capacity to pay, and the bonds would be a worthless investment. In the field of politics the United States Government would find itself constrained by the clamor of its bond-holding citizens to maintain the sanctity of the Treaty of Versailles and to send its Assyrian task-masters to wield the

lash over the bent back of the German toiler. While looking on, the Entente Governments would be rehabilitating their empty treasuries with American gold.

In the early days of the Peace Conference George Clemenceau announced, "I do not renounce the principle of the balance of power." After the armistice the Entente Governments no longer feared Germany. In its effort to secure American gold by fraud, to shackle American finance by European control, and to limit American sovereignty through international control by the league of nations, the purpose of the Supreme War Council was to establish a balance of power against the United States. The refusal of the Senate of the United States to ratify the Treaty of Versailles brought the far-reaching plans of the Supreme War Council to nought. The lapse of the years have unrelentingly disclosed the financial bankruptcy which was so cleverly concealed during the Peace Conference and which would never have been disclosed to the public if the Senate had ratified the treaty.

The duplicity which dominated the European counsels at Paris was not monopolized by those tribunes of the people who had fought their way to the top through long years of political struggle. It manifested itself also in those whose *métier* by hereditary privilege was diplomacy. Indeed evidence preponderates that the spacious plan in all its completeness was the conception of the latter class.

I will not further discuss the motives and methods of European statesmanship and diplomacy or follow their windings through the past five years. I have endeavored to show that good-will and friendship toward us and toward each other, and good faith and honesty as a code of conduct, do not characterize them. Is it not manifest that adhesion to a benevolent league of nations, to which they pay lip-service only, cannot change the character of the chancellries wherein power lies today? Is it not manifest that power must pass into the hands of parliaments genuinely responsive to the will of the people, and having control over foreign policy, before good-will and good faith can be made to dominate international counsels. The will to international peace, as I said at the beginning of this letter does not exist today. I am not one of those who believe that it never will exist, but I am convinced that it will not become possible until the changes in governmental structure which I have indicated above have taken place everywhere and men of the type of mind of those now in power in Europe have been expelled forever from the public counsels.

I am opposed to the peace plan for the reasons I have set forth herein; and because I believe that the facts I have stated should be broadly understood I have no objection to the publication of this letter.

Very sincerely yours,

The first of these two communications was sent to the War Department. My impression is that it was consigned to the secure recesses of one of the safes where secret documents are kept. As to its final disposition I was never informed.

The second one, the letter to Miss Lape, was sent after mature consideration of the propriety of giving publicity to its contents, and particularly of communicating them to the group comprising the American Peace Award. I knew that what I said would not influence that highly-organized movement, but I hoped that seeds of thought might lodge in some mind and act as a solvent upon its convictions. I even contemplated with equanimity the possibility that, because of the close contact of the Peace Award with European leadership, my letter, or a copy of it, might find its way to London.

ILLEGITIMACY OF REPARATIONS.

January 20, 1925.

Honorable William E. Borah,
United States Senate.

Dear Senator Borah:

I would not take the liberty of writing to you personally upon matters of American foreign policy if I did not feel that I have stood for the past five years in somewhat closer relations with the Government than the private citizen generally does, and if I had not given very close study to certain phases of the foreign question.

Feeling that my researches have borne some fruit and bear very directly upon the issues that confront you at the moment, I am writing to you direct, quite fully, stating facts as I see them for what they may be worth. In the researches I have made, and in writing to you today, I do not think that I have been actuated by a single motive other than a devotion to the national interests.

It appears that the financial accord which the United States has just signed at Paris makes the United States a party to the Dawes Plan and officially recognizes the validity of the right to collect payments under the provisions of the Treaty of Versailles.

What the full import of the agreement signed at Paris is, of course, I do not know. But if its effect

is to obligate the United States to use sanctions if necessary to collect reparations from Germany "to the full extent of her capacity," the position of the United States becomes practicably indistinguishable from the position it would have occupied, equally with the Entente States, as a signatory to the Treaty of Versailles.

The long arguments and discussions that have filled the public mind for the past five years concerning the Treaty of Versailles and the League of Nations have never brought out the truth as to how the war ended and how the settlement was effected. The American people are still under the influence of a fanciful legend which was wholly European in its genesis and conception and conceived in direct derogation of the national welfare of the American people.

A study of the military records of the last ten months of the war leaves no doubt of the Germans' superiority over their European adversaries. Our A. E. F. arrived in the nick of time to save them from a German conquest. The dispatch of the Entente Prime Ministers to Washington on June 2, 1918, which you yourself read on the floor of the Senate last February makes argument on this point superfluous.

The German retreat which began in July was a masterly strategic withdrawal in the face of accruing enemy superiority in numbers due solely to the arrival of the Americans. The German line was

never broken and the German armies never in peril of destruction. There never was a moment when a military surrender at discretion could have been compelled. A glance at the war map of November 11 shows a German line from the North Sea to Switzerland into which not a single salient has been driven.

The simple truth is that the German defense was impregnable until negotiations between heads of state which were opened by common consent on October 4, and which occupied exactly one month, resulted in the granting of concessions to Germany which left the national honor intact and the national independence unimpaired, and fixed the terms of a by no means shameful or destructive peace. The German army had been a sure shield for the German civilian population against invasion by hostile forces. It laid down its arms upon a day when the honor of the Allied and Associated States was engaged to a definite war settlement of mutual conciliation.

If the German offer of an armistice on October 4 had been refused and unconditional surrender demanded, there would have been no armistice on November 11, and the military dispositions of October and November would certainly have been different from what they were.

Under the negotiations of October the Germans were withdrawing pursuant to President Wilson's condition that they withdraw from occupied terri-

tory preliminary to signing. If the armistice offer had been peremptorily refused they would undoubtedly have fallen back to a line of prepared positions and there made a stand. The German power was not broken, and the war would have gone on with unabated intensity for many months.

In the autumn of 1918 both France and Britain were hopelessly exhausted. They had come to the limit of their man-power the previous spring. March, 1918, marked the moment when national bankruptcy palsied the fighting strength both of Britain and France. When the undeniable evidences of Entente bankruptcy in 1918 now available are considered, taken in connection with the equally undeniable evidences that they had no reserves with which to oppose a superior enemy, the conclusion cannot be escaped that the autumn of that year would have seen them bend the knee to Berlin if their coffers had not been replenished with American gold and if an army of a million American combatant troops had not stiffened the wavering Entente line.

With the American military power and wealth thrown into the cause there is of course no doubt that if the war had been prosecuted *a l'outrance* the decimated German armies, probably in the spring of 1919, would have been conquered in the field. In such an event, the peace of conquest and slavery incorporated in the Treaty of Versailles might not have been out of harmony with the logic of history and with human experience, and the conquered race

would have accepted what they knew was a reality.

But the war was brought to an abrupt close on November 11, 1918, with a compromise settlement accepted by the Entente powers on November 4 and by Germany on November 5. The treaty of peace in pursuance of this settlement was to be negotiated among equal and independent sovereignties. There were no conquerors and no conquered. The question arises here "Why did the Allies choose to end the war with a compromise in November at a moment when their own defeat was about to be turned into victory?" I believe that the answer to this question is a matter of much importance to the United States Government. There is a great deal of evidence now available that points to a common Entente motive that was not avowed in 1919.

The instant that the menace of conquest by Germany was lifted from the minds of the Entente statesmen the apprehension of domination by the United States replaced it, and the Supreme War Council bent all its energies to the task of preventing the development of American prestige.

It needs but a moment's thought to see how heavily the Entente States were already fettered financially to the United States at the time of the armistice and to realize that to continue the war to a military victory, to be won chiefly by American soldiers and paid for with American gold, would plunge them into a financial thralldom to the United States which would leave their condition scarcely better than that

of conquered states and indistinguishable from that of their German adversaries.

This was a sufficient and logical motive for Allied acceptance of the armistice—to check the ruinous burden of mounting loans to America before it wholly crushed out their political sovereignty.

But the Supreme War Council were not content to let well enough alone. Their pride forbade them to accept subordination to the great Democracy to whose puissance they owed the preservation of their national independence. They determined to turn aside the course of fate by the intervention of human will. They aspired by subtlety in negotiation to free themselves from fast closing economic fetters and to establish, once for all, a moral superiority over the western republic which would permit them to dominate its resources.

The agreement which they had signed on November 4 at the Trianon Palace Hotel precluded any schemes of tribute or indemnity. It had been necessary for them to sign it in order to induce the enemy to terminate hostilities. This purpose having been accomplished they set themselves to other plans.

Within a period of thirty days the enemy would, as an evidence of good faith, have relinquished all of his war equipment and would thereafter be defenseless. If the Americans could be induced to agree that the agreement of November 4 should be held of no effect, then the armistice status might

be utilized to impose a peace of conquest and tribute upon a now disarmed enemy, involving an acknowledgment of the obligation to pay vast revenues.

This could be accomplished behind the veil of a perfectly effective censorship while the Entente and American peoples were being victimized by a legend telling of an overwhelming military victory and an unconditional surrender.

The belief that victory had been won would naturally incline public opinion to the support of a peace of retributive justice. Post-armistice difficulty with the German government and people would quite naturally present itself as evidence of German bad faith and unregeneracy. Under this general plan, the Entente and American peoples, stirred by propaganda to the spirit of vengeance, might be induced to acquiesce in the imposition of a peace settlement upon Germany having all the attributes of ancient conquest.

This plan, arranged in the secret deliberations of the Supreme War Council, was in fact put into practice and followed out, step by step, during the seven months following the armistice. It bore its logical fruit in the signing of the Treaty of Versailles.

The grand motive of the guiding minds in the Supreme War Council was not primarily vengeance against the enemy. Germany was no longer feared. The purpose of the Treaty of Ver-

sailles was to create an asset in Europe which the Entente States could tender to the United States and to Americans in payment of Entente war debts.

We know now that the assurances of Entente economists that Germany could pay thirty-three billion dollars were fantastic and utterly dishonest. These assurances were part of a scheme of deception in 1919 of staggering proportions by which all America was deceived into the belief that Entente Europe was solvent, and put forth by Entente statesmen with astounding duplicity and bad faith. They themselves knew that the German bonds would be worthless. Nevertheless it was their purpose to induce the American people to part with their gold for them.

Had the American Senate ratified the Treaty in 1919 the entire American investing public, having implicit faith in the European fiscal agents in this country, would have bought these bonds for gold. The gold would have been shipped back to Europe faster than it had gone westward during the war and, as by the stroke of a magician's wand, the world balance of power would have been redressed in Europe's favor.

Moreover, the dark riddle known as the "reparations problem", which for five years has justly plagued the Entente statesmen, would have been one from whose vexations they would have freed themselves. It would, for these five years, have been a preoccupation exclusively of Washington.

This is the outline of the events which constitute the history of the seven months following the armistice. Honest historical research is all that is necessary to prove its accuracy, and the records all lie open for the inspection of the historian. They have not been inspected, and the truth has not been written. The public mind continues to be drugged with concoctions of European propagandists, and the American historian remains stupidly subservient to European suggestion.

I enclose an itemized outline of the historical events between the armistice and the signing of the Treaty. This skeleton framework can readily be clothed with corroborating evidence.

I hope at this particular time that this letter and its contents may be of some value to you and the Foreign Relations Committee in connection with the issues that are now arising.

Very sincerely yours,

A STATEMENT OF THE METHOD BY WHICH THE
CONQUEST OF GERMANY WAS IN FACT EFFECTED.

1.

Preliminary Observations.

On November 11 when the fighting ceased there had been no military conquest. The military situation did not remotely resemble that of conquest. The German battle line was unbroken from the

North Sea to the Swiss border and did not disclose a single dangerous salient.

In October and November the German withdrawal was not compelled by the military superiority of the enemy at the moment. It was being conducted pursuant to the terms of a peace settlement then in process of formulation.

Had the German offer of an armistice upon agreed peace terms on October 4 been rejected and unconditional surrender demanded, this would have been refused and the war would have gone on. Authentic evidence indicates that the Germans could have raised a fresh force of six hundred thousand men under these circumstances for further defense.

The fighting power of the German armies on November 4 is measured by the compromise peace terms accepted by the Entente Governments on that date. The will to peace among the Entente leaders was strong enough to lead them to accept a peace without penalties. On November 4 they could not secure both peace and military victory. They chose peace.

At the time peace negotiations opened in October the national morale both in Britain and in France was distinctly lower than the national morale in Germany. In both England and France man-power was exhausted in the spring of 1918; there were only defectives and mutilated left. National bankruptcy had supervened both in Britain and in

France in the spring of 1918. The bulk of the private wealth had been sucked into the coffers of the state and had been expended in America. Their home fronts would have collapsed in 1918 if their exchanges had not been arbitrarily pegged in New York. Notwithstanding the financial support from America in 1918 to the Entente States, the superior military power of Germany would have obtained a military decision over them in that year if an American army of line troops of a million men had not stiffened their defense in the nick of time.

On November 11 hostilities ceased with a meeting of the minds in an agreement which was not shameful or humiliating to either party to it. It did not contemplate the destruction of the national independence or power of the German nation.

2.

The Method and Procedure.

After November 11, and as soon as disarmament was effected, the Supreme War Council repudiated the Armistice Agreement and demanded that Germany submit to terms of conquest and slavery.

This demand was refused by Germany as in violation of the armistice agreement.

The Supreme War Council organized a conspiracy under which all the powers of the Entente Governments were mobilized to effect far-reaching results under cover:

1. The German Government and people were to be compelled by further war measures to admit conquest, and to accept obligation for the payment of a tribute which would approximate the amount of war debts of the Entente States.

2. The character of the agreement which brought hostilities to an end was not made public. It was concealed, and at the same time, the Supreme War Council publicly proclaimed an overwhelming military victory and an unconditional surrender by the German armies and the German Government.

The public everywhere within the Entente and Associated States, therefore, crediting the assurances of government, believed that their governments were morally justified in imposing a peace of stern and retributive justice. Fraudulent elections were held in England and France on the issue of punishment of the enemy, and in this way the Supreme War Council gained the support of public opinion for the hard peace.

3. But the Germans had not been conquered on November 11. This fact had to be concealed while an actual conquest was being imposed. An opaque curtain of censorship was dropped between Germany and the rest of the world, and behind it the Supreme War Council proceeded to the reduction of the as yet unconquered enemy by a process of systematic starvation to be referred to later. The resistance of the Germans lasted nearly eight months before exhaustion came, and this period

measures the degree of morale and fighting-power which the nation still possessed on the day of armistice.

4. During this period of more than seven months a coordinated Entente governmental system of propaganda induced the public to believe that a certain resistance to peace terms which it was understood Germany was showing evidenced a treacherous repudiation of terms of surrender which Germany had made on November 11.

The public was therefore the more ready to approve severity in the settlement.

In the Supreme War Council and in Germany it was known that Germany had not surrendered unconditionally on November 11 and that the German resistance during the armistice period was a genuine reaction to the treachery and perfidy of the Entente States in repudiating the armistice agreement and in demanding German acceptance of the yoke of servitude.

5. The Supreme War Council suppressed all news of political developments in Germany and their causes throughout the armistice period. This void in real news was filled by a supremely artful legend, installments of which were transmitted daily to the public.

Unreality in international relations was made real by the ruthless manipulation of the new agencies of news-transmission. Telegraph, telephone, cable and radio were completely controlled and

utilized by the Supreme War Council. Press correspondents in Paris were awed and deceived. The entire world was grossly misled by a handful of artful men at Versailles.

6. The one great strategic fact of the war was the Armistice Baltic Blockade. Not to the military operations before November 11, 1918, but to the subsequent Baltic Blockade alone is the conquest of Germany to be attributed. The facts are as follows:

a. On November 11 or shortly thereafter the Supreme War Council controlled Germany's frontiers on the West, South and East. On all of these fronts hostile political authorities, amenable to suggestion from Paris, forbade the passage of food supplies into Germany.

b. The sea-opening on the north was therefore the mouth through which the German people breathed the breath of life. Domestic coastwise trade carried the food products of eastern Germany to the industrial districts of the west.

Trade across the Baltic with the Scandinavian countries was open for the liberal importation of food products. The Baltic fisheries were an abundant and inexhaustible storehouse of cheap food. With the Baltic free to navigation as it had been throughout the war adequate food supplies for the German population were always assured.

c. The core of the conspiracy of the Supreme War Council involved the breaking of the Ger-

man will and the reduction of the German people to servitude by means of the pressure of starvation. This could be effected only by completing the encirclement by closing the German Baltic ports by a rigid and protracted naval blockade.

d. This blockade was established during the first week in December by the English Navy, the fleet being based on Reval, and pursuant to orders of the Privy Council.

The military armistice terms gave the Allies access to the Baltic but not for this purpose; before November 11 the Baltic had been a German lake.

After December 4, when the blockade became effective, no food-ships or fishing-boats were permitted to enter German ports until the Treaty of Versailles was signed on June 28, 1919.

e. The frontiers of the neutral states of Holland and Denmark were the only land frontiers of Germany which Paris did not control on November 11. The Supreme War Council requested these governments to close their frontiers against the traffic in food with Germany. They declined to do so on the ground of their neutrality.

They resisted diplomatic pressure but in late November under the influence of an ultimatum from the Allied and Associated powers threatening stoppage of their own sea-borne trade, they yielded and closed their frontiers.

f. Slow starvation began in Germany where food stores were already low in November and

when the winter season was setting in during which period agriculture could not relieve the distress. Distress grew rapidly, and by spring the suffering had become intolerable.

Relief was systematically refused by the Armistice Commission through which body alone the German Government was permitted to deal, and through whose agency it was made plain that food relief would be permitted only after the Treaty of Versailles was signed.

g. Public opinion has never been informed of the existence of the Armistice Baltic Blockade or its significance. Official assertions are frequently made to-day that food relief was given to Germany during the armistice, for the foreign offices of Europe are striving desperately to conceal from the view of the historian how the conquest of Germany was actually attained. It is not in the power of any government to produce evidence that food was allowed to enter Germany during the seven months of armistice, for such evidence does not exist.

Thus, the conquest of Germany must be referred to the date of June 28, 1919, and not November 11, 1918. The silent war carried on between these dates had been more ruthless and merciless than the open fighting on the battle-field. It was a military manoeuvre unique in its character in that it was carried out with such complete secrecy that half the world remained ignorant of it, believing that the war issues had been settled on the previous November 11th.

Germany was in fact, during the armistice period an invested fortress which withstood a seven-months siege and was finally reduced by famine.

Under the political philosophy which holds that the Treaty of Versailles is a valid settlement under international law there is, of course, no escape from the conclusion that the pre-armistice agreement for a compromise peace which brought hostilities to a close in the field must be classed as a *ruse de guerre*.

Comment.

The Treaty of Versailles is void in law at the instance of Germany on the ground of duress.

If the Treaty had been ratified by the United States Senate (having only the information it had in 1919) it would be voidable at the instance of the United States on the ground of fraud in its procurement.

The armistice agreement was a protocol of peace, fixing peace terms, and consisted of:

The notes interchanged between belligerent heads of state between October 4 and October 29, 1918.

The written acceptance by the Entente Governments on November 4 and by Germany on November 5 of the terms of peace, and particularly of the financial agreement;

The military armistice agreement of November 11, providing for German disarmament as an evidence of good faith.

Pursuant to the terms of this protocol of peace, delegates representing the belligerent states were to meet and negotiate a peace treaty giving it effect. The honor of all parties was engaged by the terms of the protocol.

Under the laws of war the Armistice Agreement could not be used by the Allied and Associated States merely as a *ruse de guerre* to entrap the enemy into their power and which would be repudiated thereafter. The *ruse de guerre* is recognized by civilized nations as legitimate for certain purposes, but the authorities universally recognize that it cannot be used to cover bad faith.

If the armistice agreement was violated and repudiated by the peace settlement which followed, and retributive terms not contemplated in the armistice agreement were imposed upon the disarmed enemy by force, then the enemy is not morally or legally bound by the terms of the treaty.

If the negotiators representing one of the Allied and Associated States were wilfully misled by misrepresentations of fact by Ally negotiators, then if they had signed the treaty and it had been duly ratified, it would be voidable on the part of that State for fraud in its procurement.

Furthermore, if that state did not ratify the treaty it has thereafter no moral or legal justification to recognize the legality of that treaty under the principles of comity. It must refuse recognition on the ground that bad faith either in war or

peace cannot be made the basis of legal rights among civilized nations.

A STATEMENT OF THE METHOD BY WHICH THE AMERICAN SIGNATURES TO THE TREATY OF VERSAILLES WERE FRAUDULENTLY OBTAINED.

President's Wilson's acts and utterances subsequent to the signing of the armistice disclose the fact that his pre-armistice negotiations with Germany had been conducted in good faith, and with an honest intention to carry out the obligations undertaken in the armistice agreement.

The fraud in the procurement of American adhesion to the Treaty consisted in the following course of deception:

1. Misrepresenting to the American delegates at Paris the course of political developments in Germany.

Misrepresenting the moral attitude of the new German Government.

Misrepresenting its political character.

Misrepresenting its purposes.

2. Concealing the fact and the purpose of the naval blockade of the German Baltic Coast. Concealing the ravages that it was making in German life.

3. Concealing the fact that an Assyrian peace of conquest was to be imposed under the guise of limited reparations.

4. Concealing the fact that German acquiescence in the Assyrian peace could not be secured unless and until famine compelled surrender.

5. Misrepresenting with all the legal skill of the most eminent English jurists the legal significance of the financial agreement signed by the Entente Governments on November 4, insisting that this agreement did not constitute in law a limitation upon the right of the Allied and Associated Governments to impose indemnities (an argument which necessarily classified President Wilson's pre-armistice agreement with the German Government on behalf of all the Allies as a *ruse de guerre*). Causing the Peace Treaty to be executed upon this assumption.

7. Grossly misrepresenting the wealth of Germany and of German capacity to pay reparations.

8. Entertaining the secret purpose, after the Treaty had fixed a fantastic financial obligation upon Germany, of funding this sum and selling the bulk of the German bonds to innocent American investors for gold, thereby effecting the quick return to Entente treasuries of the gold transported to the United States during the war. Thereby escaping the financial, industrial and political subordination to the United States which an honest and fair settlement with Germany would have entailed.

The year 1924 passed. The movement initiated by the New Haven Address had gained headway and was far advanced when Mr. Coolidge succeeded President Harding upon the death of the latter in 1923. Responsibility for pending measures lay with Mr. Hughes and he was continued in office as Secretary of State.

The negotiations in London in July put the Dawes Plan into operation, and a few months later (after the November elections) a conference in Paris made the United States a party to the new settlement and a co-beneficiary of German reparation payments to the extent of 2¼ per cent.

The Dawes Plan was proclaimed in America as a beneficent departure in the vexed reparations issue and a recommendation of the Republican Party in the coming elections. Mr. Coolidge was elected to the Presidency, free now to institute new policies, with new coadjutors if he so chose.

Mr. Hughes had filled the office of Secretary of State since March, 1921, nearly four years. During those four years the Congress of the United States had not contemplated his policies with entire equanimity. Its creation of the Debt Funding Commission necessitated great alterations in measures planned by Mr. Hughes and Mr. Mellon.

Now, at the end of 1924, opposition within Mr. Hughes' own party to the recent commitments at London and Paris found powerful expression in the Senate. A close scrutiny of the provisions of the Paris agreement was instituted and the Secretary was called upon for the records. Annoyed by the tone of this inquiry Secretary Hughes submitted his resignation to take effect March 4, 1925. On that date Senator Kellogg succeeded him as Secretary of State.

The above letter to the Chairman of the Foreign Relations Committee was written in the hope of strengthen-

ing Congressional opposition to the European commitments which had just been made at Paris. Little by little, year after year, the Hughes policies had been building a structure based squarely on the London Ultimatum of May, 1921. The superstructure was vast and ponderous while the foundation of the London Ultimatum was seamed with legal and moral flaws. It was to these flaws in the foundation that I sought to invite the attention of the Foreign Relations Committee.

From this time on, 1925, I regarded the general subject covered by my memorandums as no longer of a confidential nature. Every official in Europe and America who had taken part in the Peace Conference and who desired to explain his own course had shown no hesitation in revealing publicly what he knew. Seven years had elapsed and the Peace Conference had become a fair subject for historical scrutiny. Indeed far too little intelligent scrutiny was being made. A conspiracy of silence still deprived the independent historian of access to the press and the facilities of the publisher. The consummation of the Dawes Plan required the sale of billions of dollars worth of German indemnity bonds on the American market. The basis of legality of these bonds was the Treaty of Versailles and the London Ultimatum; if the charge that these settlements were illegitimate or legally faulty gained support then there would be a cloud on the legitimacy of the Dawes Plan bonds which would make them unsaleable. The vast financial settlement of the question of German Reparations foreshadowed in the New Haven Address in 1922 and so laboriously constructed in the succeeding years would come to nought.

To challenge this far-reaching settlement now approaching its final stage of completion, even though it is being constructed on a wholly false foundation, must give any practical statesman pause. Tilting against Kings of Gold is no less precarious than tilting against wind-mills.

So long as the American public remains unaware that the Armistice Agreement was betrayed, that Germany was conquered after the armistice and not before, and that the German indemnity was created expressly to furnish a European asset to be sold to the American people in the form of gold bearer bonds; so long will statesmen remain absolved from the duty of preventing the sale of the Dawes Plan bonds in the United States.

ILLEGITIMACY OF REPARATIONS.

September 24, 1925.

The Secretary of State,
Washington, D. C.

Dear Sir:

In view of certain features of the debt settlement recently negotiated with Belgium, and of current discussions with reference to the character of the terms about to be negotiated with France, notably the statement of Stephane Lauzanne that it is the fixed purpose of M. Caillaux to agree to no settlement in which France is to pay any greater sums than she receives from Germany, I desire to present certain considerations to your attention, and to summarize the analysis which I have made of the entire situation and some parts of which I have heretofore communicated to your predecessor.

With reference to the Belgian settlement I cannot but feel that the Government has opened the door to unnecessary controversy with the other Entente Governments by admitting the Belgian pre-armistice debt to stand in a special category. We were on notice that both Britain and France identified their own claim of rights in the matter of pre-armistice debts with those of Belgium for in the early days of the Reparations Commission these claims were clearly made. In the meeting of February 14, 1919, W. M. Hughes, of Australia, as

spokesman for the Europeans, enunciating the "principles" upon which they stood, said:

"It is self-evident that if Germany's breach of international law by the violation of Belgium involves the payment by Germany of Belgium's war costs, it equally involves the payment of the war costs of those signatories to the Treaty of London who guaranteed Belgium's neutrality."

Presumably our Debt Commission was in possession of this historical data. It seems to me it should have given pause when the Belgian importunities for special concessions in the settlement of terms for the pre-armistice debt were yielded to.

With reference to the broad bases of legal right and wrong upon which a settlement of European debts in general must rest, I believe that the historical truth should now be squarely faced and seven years of post-war temporizing be brought to an end. Whether the results of the historical researches of patriotic Americans both within and without the Government services have been set before you in a succinct way I do not know, but the story of the conclusion of the war and its settlement is as I have set it forth below. If there is any part of it not already known to the American Debt Commission I submit to you that in the interests of the general welfare it should be communicated to them.

There was no military victory over Germany. A glance at the maps of the General Staff showing the battle-front on armistice day discloses the long unbroken line from the Flanders Coast to Switzerland still bowed symmetrically into Entente territory. From the eighth of October the Germans had been conducting a cool and orderly strategic retreat (literally at the request of the Allied and Associated powers) as an element in peace terms then under discussion. Had strategic conditions alone been involved the German army could have maintained a stationary front until bad weather set in, after which they probably could have maintained themselves for a long time.

In October, 1918 the English man-power was exhausted, the only men left in England being the mutilated and rejected. In France posters were up calling out the class composed of boys of seventeen. In both France and England financial exhaustion had supervened, both governments having become bankrupt in the spring of 1918.

The dispatch of June second, 1918, to President Wilson, to which I again invite your attention, signed by the three Entente Prime Ministers on the advice of Marshal Foch, is an unequivocal confession of defeat and of the Entente's dependence on immediate American military aid to stave off surrender to the superior German forces.

The armistice of November 11 was a protocol of peace providing for moderate concessions on

the part of Germany, and upon the execution of its provisions in a definitive treaty of peace Germany had the right to rely. Any departure from its terms imposed by force and bad faith by one party upon the other in a definitive treaty of peace would be illegitimate (Phillipson's "Termination of War and Treaties of Peace").

Germany was in no sense a conquered nation on November 11, 1918. But Germany *was* a conquered nation on June 28, 1919. It is important to note in what manner this conquest was attained. It was as follows:

Immediately after the armistice Germany's frontiers were encircled. The Allied armies lay along the Rhine, the Swiss frontier was already closed, Poland and the new Czechoslovak state under French dominance closed the southern border, and the nascent anti-bolshevik states under British influence closed Germany's eastern border. Holland and Denmark opposed the Entente demands that they close their borders against the exportation of food to Germany, justly asserting their rights and duties as neutrals. Increasing diplomatic pressure was rapidly brought against them, and in late November an ultimatum threatening a food blockade against them compelled them to yield and close their frontiers.

On December fourth the British Navy instituted a blockade of the entire German Baltic Coast bringing all sea-borne traffic to an end, and maintained

this blockade rigidly throughout the seven months of armistice or until the Treaty of Versailles was signed and ratified.

Germany in this way became an enormous beleaguered fortress which fell ultimately on June 28, 1919, when the resistless pressure of starvation was used to extort the German signatures to the Treaty.

The conquest of Germany, therefore, is to be referred to the date of June 28, 1919, and not to the date of November 11, 1918. The character of this conquest in treachery and perfidy far transcends in cynical bad-faith the darkest annals of recorded history.

I invite your attention here to the unequivocal statement of the American position made in an early session of the Reparations Commission (February 14, 1919) by John Foster Dulles, that the Allied and Associated Nations' right to impose indemnities was limited by their agreement with Germany of November 4, 1918, and that the honor of the respective governments was involved.

It is quite obvious that the moral and intellectual antics which constituted the proceedings of the peace conference which followed resulted from the contact of the good but weak motives of the American delegation with the intellectual scoundrelism and ulterior purposes of the European panjandruns.

Sumner and Hewart, who to-day occupy the most honored legal offices in English jurisprudence, ac-

tually argued in these early meetings of the Reparations Commission that the agreement with the enemy that brought the fighting to an end was not binding. F. E. Smith, attorney general and political henchman of Lloyd George, became Lord High Chancellor of England on February 2, 1919, the day before the Reparations Commission was organized—just in time to advise the British Prime Minister officially that an agreement by which Britain induces her enemy to stop fighting is not binding if she can afterwards get him into her power by other means; just in time also for the use of this pronouncement by the English lawyers on the Reparations Commission (which organized its sessions on February third). Smith sold his judicial honor to become a belted earl, and as Lord Birkenhead (his patent of nobility being dated February 2, 1919) he covered the political piracy of his associates with the mantle of law.] The office of Lord High Chancellor confers upon its occupant, however short his incumbency may be, a life pension of \$25,000 per annum.

On the part of France the unspeakable Klotz (Minister of Finance) replying in the Reparations Commission to Dulles declared that the military armistice terms of November 11 alone conditioned the character of the peace to be made, the pre-armistice commitments being null and of no effect. I see no reason for an American to mince words in discussing these passages of history.

The looting of a great state and the reduction of its people to industrial slavery was successfully accomplished in accordance with the chart drawn by these ponderous legal lights in the early sessions of the Reparations Commission.

The seven months investment of the German fortress which made the imposition of the Entente peace possible was carried out behind the veil of the censorship which the Supreme War Council maintained on news, especially on that going to America. The American public to-day does not know the facts as I have set them forth here.

As to the role of the British Navy in maintaining the armistice Baltic Blockade, I have brought it to the attention of those groups in the General Staff of the Army and the General Board of the Navy who are obligated to seek the truth for its application from the standpoint of military strategy. They know that the post-armistice blockade of the German Baltic Coast is the one great strategic and political fact of the war. Very properly they remain dumb as oysters about it and will do so unless political authority desires them to speak. The concealment of the role of the post-armistice blockade from the American public has been a masterpiece in the art of suppression.

Turning now to the purposes of the Supreme War Council in nullifying the peace agreement which they had made and which the American delegation (to its honor) sought to uphold:

In the years immediately following the signing of the Treaty I was loath to draw the conclusions to which the facts seemed to point, but diligent verification of those facts and the accumulating evidence of additional information have led me willy-nilly to a necessary conclusion. That conclusion is that the Peace Conference was a gigantic conspiracy of the members of the European Supreme War Council, aided by their bureaucracies, against the United States Government and against the peace, welfare and safety of the American people.

The purpose of this conspiracy was no less than to rehabilitate pauperized Europe (and weaken America) by luring back, almost immediately, all the gold specie which Europe had been compelled to ship to America during the war in exchange for goods. This was the purpose of the Treaty of Versailles, and this would have been the Treaty's effect if it had received the expected ratification of the American Senate.

In pursuance of the conspiracy the treacherous and perfidious falsification of the peace terms of November 4, 1918, was necessary in order that Germany might be looted and enslaved; it was necessary to loot and enslave Germany in order that a *European asset* purporting to equal in money value the cost of the war to the Entente states might be found: and it was necessary to induce the United States Government and the American people to exchange their new store of three billion

dollars in gold metal for this European asset in the belief that they were getting a quid pro quo. It was the toughest job that the sharper, counterfeiter and confidence-man type of mind ever had set for itself, but the talents of the choice scoundrels who sat upon the Supreme War Council were equal to every move in the intricate play. They succeeded in obtaining the American signatures to the Treaty, and in getting these signatures they thought their work was done. Their calculations had only one weak point; they had overlooked the United States Senate. The Senate refused to ratify the treaty, and to this fact alone Americans to-day owe the blessings of liberty and independence which they continue to possess.

Specifically, the conspiracy would have brought about the return of the gold as follows: As soon as the United States was bound by the Treaty the German indemnity (which was fixed at thirty-three billion dollars in 1921), and which was given substance and verisimilitude in the form of engraved gold bearer bonds, would have been placed upon the international investment market. As we know now there would have been no market in Europe, but everybody in America was rich and looking for good investments.

Through their fiscal agents in New York the Entente Governments would have found ready sale for these bonds; a certain patriotic enthusiasm would have been aroused, and purchases no doubt

would have been made on a scale comparable to the subscriptions to the successive liberty loans. The purchase price would have been paid in American gold, the whole transaction would have been put through with pep and snap; and by this means the three billion dollars, the cynosure of the eyes of the members of the Supreme War Council, would probably have completed its homing flight to Europe within the space of a single year. The history of the world, and particularly the future history of Europe, would have been changed. A great destiny would not have ended, nor would a great destiny have begun.

We need but look at Europe to see what a mess we escaped. The thirty-three billion dollars cannot be gotten out of Germany; it is not there; it is not to be extorted from German slave labor. The members of the Supreme War Council knew this in 1919. They themselves were under no illusions, but statesmen who were willing to conquer an enemy after he had laid down his arms in reliance upon their good faith, would not hesitate to devote their talents of deception to convince the Americans in the Peace Conference that it was there.

Six years of post-war observation of a pauperized Europe, with its absurd talk of conquerors and conquered, discloses Entente power frantically bullying the German adversary to obtain even a small tribute, and even this small tribute is beyond its power to extort.

Does it take much imagination to picture the scene that would lie before us to-day if the United States had ratified the Treaty and the American public had bought the German gold bonds? The Washington Government, importuned by its enraged citizens holding German bonds upon which payment was in default and quotations down to put the screws on Germany, while Entente statesmen with serene and unruffled brows counted their gold and offered their political advice free to Washington; would have been confronted with an internal situation not lacking in interest.

The careful provision in Annex II to the Reparations Clauses of the Treaty by means of which the eager American investment market was to be given access to this gilt-edge investment is as follows:

“In the event of bonds, obligations or other evidence of indebtedness issued by Germany by way of security for or acknowledgment of her reparation debt being disposed of outright, not by way of pledge, to persons, other than the several governments in whose favor Germany’s original indebtedness was created, an amount of such reparation indebtedness shall be deemed to be extinguished corresponding to the nominal value of the bonds, etc., so disposed of outright, and the obligation of Germany in respect of such bonds shall be confined to her liabilities to the holders of the bonds as expressed upon their face.”

All of the political and economic phenomena of the post-war years in Europe, otherwise inexplicable, are logically explained in the light of the collapse of the Versailles conspiracy. Europe's predatory governments have been struck by their own boomerang; their reactions to this fact in 1920, '21 and '22 furnish a profoundly interesting study in psychology. During that period the utterances of the Paish's in England, the Tardieus in France, and others like them, on the great subject of the stabilization of currencies and on the function of gold in commerce, make the professional swindler look like an amateur. The bad times in the United States in 1920 and 1921, which have been accounted for in almost every way except the correct way, would not have supervened if the United States Senate had ratified the Treaty, for with its suddenly reacquired gold Europe would have absorbed the over-production of goods. But a day of wrath would have followed in the United States which would make 1920 look like a holiday.

Even in 1922, with every ocular evidence before them that the stored-up wealth of the Entente states and peoples was completely gone, the American bankers appear to have remained wholly ignorant of the truth, and eagerly advocated the investment of American money in Europe before the clearing of the financial skies had come. I sometimes think that there is no class of men as simple and gullible as the banker. A book on the subject

of French Public Finance, published in 1922 by a great Trust Company concluded its review as follows:

“We believe that notwithstanding the losses occasioned by the war, the wealth of France to-day estimated on a specie basis closely approximates or perhaps equals her pre-war wealth. This is partly due to the repatriation of Alsace and Lorraine, but it is also due to the fact that the war apparently served to intensify the normal saving habit of the people and thus enabled them to meet the burden which it brought without seriously impairing their pre-war fortune.”

The only stored-up wealth in Europe to-day is such as may have been created by industry since the war, and until American bankers recognize this fact the savings of the American people will not be safe.

There are no creditor nations in Europe; they are all debtor states. They can all pay their debts to the United States with the lapse of time and none should be humored or pampered, for the people of Europe are at work and the industry of a continent annually creates wealth untold. The debts to the United States can all be paid out of the wealth that is being stored up by post-war industry. But the American banker's prattle that “the war did not seriously impair the pre-war wealth of France” or any other Entente state is inconceivably stupid.

With reference to the way the war ended, and its attempted method of liquidation in 1919, I have set down here the barest outline of what transpired. The detailed facts authenticated and in perfect continuity are at your disposal and I do not go into them in this brief communication. The orientation of American foreign policy on any other reading of history which denies them would be a fatal error.

I have addressed this communication to you with special reference to the apparently authentic report that the French delegation now in Washington will make a condition that France will not agree to pay any sums in excess of what she receives from Germany.

Very respectfully,

This letter, which largely repeats former statements, was written because a successor to Mr. Hughes was now presiding at the head of the State Department. If my former communications rested forgotten in dusty files I hoped that in this new one their thesis might be revived and have the attention of a new Secretary.

The French Debt Commission was in Washington stating publicly that France would pay no sums in excess of those she received from Germany, and privately urging that American financiers be permitted to post the Dawes Plan indemnity bonds on the American bond market.

In Europe, wide-spread irritability and antagonism to the United States—a new note, was being manifested. The

shrunk franc was still falling; the results of the Dawes Plan were negative; England was increasing her domestic industrial depression in order, for the sake of foreign trade, to establish the pound at par. The real and permanent prosperity of the United States was coming to be admitted even by the financial Jeremiahs of New York City. There was in the Country more than eight thousand tons of monetary gold, and no one except international financiers was losing any sleep over that fact. The war had been liquidated normally in spite of the efforts of statesmen to prevent it.

The aspect of the general problem of German reparations had by the autumn of 1925 become what it substantially remains today. The discussions which follow therefore frankly recognize that the author is now discussing controversial matters the solution of which is pending. Because necessary publicity of the historical facts of a decade ago has not been made, the issue of today is an involved and obscure transaction in high finance which is presumed to have been taken out of the field of international politics, and out of the popular ken. From 1925 the movement of international forces becomes more difficult to trace; it is dominated by the theme of the New Haven Address. All enthusiasms, all inquiry, all searchings of war history or critical analysis of moral values is now inappropriate; the war is to remain a blurring picture of old, unhappy far-off things. The financiers insist that it was "a glorious victory"; that it was a glorious victory must remain unchallenged if Entente Europe is ultimately to reap its harvest of gold by the sale of the Dawes Plan bonds in America.

In the earlier post-war years Europe sought the whole loaf through the holding of a World Economic Conference in which ten billion dollars worth of Allied debts to America would have been cancelled by set-off against thirty-three billion dollars worth of German indemnities.

The twenty-three billions of German indemnities remaining would have been magnanimously reduced, say to twelve billions. These twelve billions in the form of gold bearer bonds would then have been sent across the Atlantic to be sold to American investors. The sale completed, twelve billion dollars in gold values thus realized would have been distributed among Entente treasuries, and in this way the war would have been liquidated as Europe planned. Germany would have emerged a tributary nation of the United States (which in the Peace Conference, it will be remembered, would not take one cent of indemnities).

Under the Dawes Plan the Entente States will be content with half a loaf. The bonds amount to six billion dollars, secured by mortgage on the German railway system and large industrial plants, and these bonds are to be sold for cash in the United States. In addition, Germany continues to pay large indemnities in kind to the Allied States. Nor has she been released from the obligation of the London Ultimatum—her liability remains thirty-three billion dollars ultimately.

Had Europe secured the whole loaf in the early post-war years, the sale to America of billions in European securities—German reparations and what-not, creating a present balance of exchange in her favor, Europe would have retained about two billion dollars in gold still in her possession at the end of the war. But this diplomacy failed of success and it was necessary to ship the gold to America in payment of current debts. The flow of gold which began before 1921 was completed by 1925. The latter date coincides with the unmasking of general European ill-will to America and marks the moment of real liquidation of the war.

The purpose since 1924 is to undo as much of the settlement as may be possible by carrying the operations of the Dawes Plan through to their ultimate conclusion. There

is the greater hope that this may be accomplished since "the whole problem of German reparations has been taken out of the field of politics and of popular controversy." It is the task of high finance to make the adjustments, and undue notoriety is not desired while they are pending.

High (international) finance has always been a mystery; its science is esoteric, its wisdom entrusted only to the elect. Handed down from century to century the secrets of the Lombards and the International Jew unlock the door of power to those who possess them.

Mr. Montagu Norman became Governor of the Bank of England in 1920. In an age of spotlights and publicity he has remained a shadowy and elusive personality. It is said that he was formerly a Colonel of British Cavalry. His comings and goings to America in recent years have been frequent and extremely unobtrusive. Yet, inasmuch as Mr. Norman is the Governor of the Bank of England, some interest in the cause of his visits here may legitimately be taken by the American public.

At the end of 1925 Mr. Norman, Herr Ajlmar Schacht, President of the German Reichsbank, and Mr. Parker Gilbert, Agent General of Reparations, met in Washington for conference with officials there. They came unobtrusively and discretely—I hesitate to say furtively. But every journalist in Washington, but one, must have been asleep or absent during the time of their visit, for the press of the country carried not one line of news about the purposes of this meeting.

“THE BRITISH PLAN.”

MEMORANDUM.

February 12, 1926.

The Secretary of War.

Dear Sir:

I believe it to be my duty to bring to your attention some of the implications which in my opinion inhere in the proposed “British Plan for the rescue of France” which, it appears has recently been discussed in conferences here in Washington in which Mr. S. Parker Gilbert, Agent General of Reparations, Mr. Montagu Norman, Governor of the Bank of England, and perhaps Herr Schacht, of Germany, took part.

There has been no publicity given to this meeting or its objects, with the single exception of an article written by Mr. Richard Barry in the New York Evening Post of Saturday, February 6th instant. In view of the nature of this information it would seem that if it were to be given publicity at all it should have been released to the press generally because of its importance.

The article tells of “a stupendous undertaking now under consideration to stabilize France and all Europe financially and economically through the

cooperation of the United States, Great Britain, France and Germany.”

When under the Dawes Plan the entire German railway system was mortgaged for the benefit of Germany's creditors the railway bonds were placed in the custody of the Agent General of the Reparations Commission.

“The bulk of these securities,” which amount to eleven billion gold marks says the Evening Post “doubtless would be floated in the United States and England, and it was apparent that Mr. Gilbert sought advice on the situation in both countries, an assumption strengthened by the presence here of Montagu Norman.”

The Post states further:

“The American Government has not been converted to the so-called ‘British Rescue of France,’ the view being expressed that the plan, carried to its logical conclusion would leave the American purchasers of the bonds to hold the bag in the event of a default in reparations at some future time * * * but the cooperation of Washington would be assured toward an agreement that would provide cash for the reparations account, promote French war debt agreements with this country and Great Britain, and stabilize the franc through private loans. * * * Mr. Gilbert recommended in Washington, ‘that it might be advisable to dispose of German railway

bonds to the amount of about \$125,000,000 to aid in the stabilization of Europe, hanging on the outcome of France's financial condition.' * * * Any movement that might uphold the hand of the Briand cabinet and tend to stabilize the financial situation there would be welcomed in England and in the United States, *and if the markets of both countries could absorb the issue without difficulty, it doubtless would receive the State Department's sanction.*'

It is not difficult to state the scope and probable result of this plan if concurred in by Washington.

The ostensible value of the German railway gold bonds now held by the Agent General is eleven billion gold marks, or \$2,750,000,000. It is proposed under the "British Plan" to dispose at first of a block of these bonds amounting to \$125,000,000 to private purchasers in the United States and England. Sales in England would be negligible, as there is no gold in private hands and only about \$800,000,000 in the Bank of England; the United States would be the only real market. If the sale of the first \$125,000,000 was easily accomplished the German railway gold bonds could be continuously fed to the American investor. Possibly, if the character of the information about the value and character of the bonds was successfully controlled, the great bulk, or the entire amount (two billion, seven hundred and fifty million dollars) might be floated in

the American market. The French share of the proceeds in that case would be \$1,420,000,000 gold dollars, although if the "stupendous undertaking," as Mr. Barry calls it, attained such successful proportions strong reasons would probably be found by British statesmen to divert part of France's fifty-two per cent of the golden stream into Threadneedle Street, London.

The smaller aspects of the case however involve the sale of \$125,000,000, or possibly more, the proceeds of which are to be used immediately "for the salvation of France." This is the consideration which is urged primarily as justification of the plan. How large a transfer of gold to the French treasury would be necessary to again make France a going financial concern is an interesting question, but the acquisition of \$125,000,000 in gold metal would be very far from sufficient.

The other consideration which presumably is urged as a motive for Washington's acquiescence in the "British Plan" is that France, financially rehabilitated, can carry out a satisfactory funding settlement of her American debt, and that it is to the interest of the United States to make this possible. Anyone who comprehends what the possession of gold means to a sovereign state must realize that it is more advantageous to the United States to keep the gold and cancel the French debt than to ship

the gold to France and then have the French debt funded. Politically, of course, the result of the plan is to ally the United States with Britain and France against Germany because the American public will have acquired a large financial hazard in German reparations. The United States for all practical purposes becomes a party to the Treaty of Versailles and a guarantor of its settlements.

To join in the "British Plan" will enormously weaken the financial position of the United States because of the loss of a large part of its gold, and will mark a decline proportionately in its political, strategical and economic position.

Gold metal is said to be a legitimate basis for credit amounting to eight times its volume, although in Europe today the slender stocks no doubt support credit many times greater than a ratio of eight. The four billion dollars in gold metal now held by just title within the continental limits of the United States, have since 1923 become the basis of the enormous internal credit which is now doing so much for the legitimate development of our country. It cannot be disengaged rightfully. It would be possible by the exportation of a billion dollars in gold to bring poverty and chaos to the entire American people. Gold is the only known measure of stored-up wealth, and the gold stock of the United States exactly defines the degree in which permanent weak-

ness has come to the states of Europe as a result of the war and strength has come to the United States from the same cause.

The "economic balance" between Europe and the United States is permanently changed and it is the duty of American statesmanship to recognize this fact. The "British Plan," the Treaty of Versailles, and all the European-born proposals of the past six years, contemplate the restoration of the economic balance of 1914. They are sophistries and subterfuges which affront the American intelligence. Private finance should not be trusted with the decision on such a proposal as the "British Plan." To put the "British Plan" into full operation would bring about a condition in which an extra-governmental power could, if it chose, bring down the whole structure of domestic credit, accompanied with fundamental changes in the character of our government, and make an involved foreign policy dominate all domestic considerations.

The shipping to Europe of only a few hundred million dollars in gold metal would not save the European finances, Europe is not recovering. It would no doubt require at least two billion dollars in gold (the amount of gold Europe shipped to the United States after 1920) to reestablish prosperity in Europe, and this prosperity would probably be temporary and ephemeral, dissipated in wars of

aggression and exploitation, and the two billions in gold metal would shortly find its way back to America in the manner in which it travelled westward in 1921 and 1922. The "economic balance of 1914" might indeed be reestablished if, after shipping two billion gold dollars back to Europe, the American system of government and finance collapsed and industrial stagnation supervened; no longer possessing a favorable trade balance or great stored-up wealth, the flow of gold from Europe to the United States would cease and the coveted "economic balance" would be attained, but in a greatly deteriorated world. Once more we would have admitted that in Europe we stood in the presence of our intellectual and spiritual masters.

It should be borne in mind that the personalities with whom Washington comes in contact are trained agents seeking credit for the various states of Europe and that their promises on behalf of Europe exceed Europe's capacity to perform.

The state of European morale is not difficult to determine. What the people are really thinking and feeling finds expression in current literature which is not written for export and which is not much quoted in this country. This literature is profoundly pessimistic. It betrays a conviction that Europe is incapable of reestablishing itself, and is haunted by a fear of future pressure by the teeming

peoples of Asia which for two centuries have submitted to European exploitation under the predatory imperial policies of the European states. A single thread runs everywhere through European thought, bringing up the question, what is the United States going to do for Europe, and expressing the conviction that here lies Europe's only hope of salvation.

Following are a few paragraphs from a recent issue of the *Revue Bleue* which are fair samples of what appears elsewhere:

"The fires of the war continue. The trouble which it injected into the life of nations and of individuals prolongs its repercussions and in some places aggravates them. All the habits, all the restraints, are broken. We proceed like blind men over devastated ground. Each goes on as he can, gropes or runs, adapts himself as he may to circumstances and hazards, and lives from day to day improvising his course of action. A general malaise weighs upon all minds, and anguish numbs the will. Some bear up well, others succumb, some despair, many are dismayed; all demand 'what will tomorrow bring?' One finds few who are reassured. How vast the number who are stunned! Sensation reigns as mistress, and in her service incoherence makes law."

The false psychology of victory and triumph imposed upon the masses by the Supreme War Council in 1919 continues to bemuse their minds:

“The troubles of the exchanges, the crushing fiscal charges, a peace mediocre and badly carried out, have weighed on the victorious peoples. The heavy discontent of the popular masses shows itself in strikes, longer and longer and more and more frequent; the powerlessness of the parliaments to resolve the problems born of the war, all contribute to create in our old world a feeling of malaise in which some already distinguish the prodromes of an inevitable decadence.”

The following paragraphs picture the consequences seen in a refusal by the United States to cancel the war debts:

“Will the American people comprehend? Will they continue indifferent to Europe? That Europe, stripped of its wealth and uncertain of its future! To consider Europe as a distant continent inhabited by subtle and depraved peoples who tear each other in obscure and incomprehensible struggles from which it is better to hold themselves apart:

If this happens is it not to be feared that this European continent in spite of its antiquity and the perfection of its civilization, will sink more and more into misery and chaos; and end by abandoning little by little the conquests of centuries, by losing what it still has of nobleness and beauty, and returning to one knows not what mode of primitive and savage life? Only a desolated island, a peninsula half deserted, a

sterile land inhabited by a few savage tribes, without industry and without civilization, and who will have lost even the memory of their ancient splendor!”

The author of the above paragraphs believes that it is wholly within the power of America “to leave Europe to sink into a misery without hope, or to permit it to reestablish its ancient prosperity and recover its ancient éclat.” “If young America,” he says, “vigorous and undisciplined daughter of old Europe, comprehends her present duty, she will show herself worthy to take up one day the torch of civilization: if not, she will have given an example of the most complete fiasco seen in history; she will be shown unworthy of that white race which she pretends to represent in the new world.”

It will be recalled that a short time before his death Anatole France said “Europe is dying.” His tragic words express a conviction that is far more prevalent among the intelligent classes of Europe than is generally believed here. The gloomy tragedy which that thought visualizes is enhanced in superficial minds by conceiving the disintegration as imminent, to be completed perhaps in a generation; but vast historical changes do not occur in the space of a few years or even centuries. It is not to be presumed that there will be any rapid dissolution of the civilization of Europe, or that there will be dis-

solution at all. But it is inevitable that there will be a slow and steady decline of power in western Europe, and it is probable that in the centuries to come these states will be sustained and protected politically by the United States against aggressions from the east.

Undoubtedly European statesmen reject this reading of history; and the fiery feudal pride which characterizes the European conception of the state, notwithstanding much lip-service to the principles of democracy, revolts bitterly against a fate which threatens to place Europe in a position of inferiority. Here we find the motive which dominated the Paris Peace Conference—to restore the balance between Europe and America. The subconscious revolt against the idea of political inferiority not improbably explains the exaggerated Fascist phenomenon in Italy at this time where the theatrical bravery of Mussolini, loudly challenging the world in general but nobody who is dangerous, gives the proud Italian spirit a temporary release from the contemplation of realities.

A similar psychological explanation might be found for the masterly position assumed by Lord Curzon in speaking in the House of Lords on the contemplated treaty extending the jurisdiction of the United States over foreign merchant vessels within ten miles of its coasts, when he declared with

heat and firmness that England would never permit this. The treaty went into effect but English feelings had no doubt been relieved by Lord Curzon's brave words.

Europe's ruling group has not abandoned the belief that by a stroke of masterly statecraft the resources of the United States and of Europe may become pooled, and a sort of confusion of goods effected in such a way that Europe's Supreme Council may take administrative jurisdiction. They profess to believe that this will save civilization which otherwise must go down, agreeing as they do with Cailiaux that “the United States is incapable of carrying it on.”

If we in America believe in the unexcelled value of our own principles of government and the political and social structure of our commonwealth, the attitude of the constituted political authorities in Entente Europe must seem puerile and absurd. Our own government is a better government than any in Europe; men live together in peace under it as they do not do anywhere else in the world, and by any just standard our civilization today is higher than that of Europe. It is essentially different in its political conception, and it cannot be pooled with an ancient and outworn destiny.

It could, however, be destroyed by abdication of power by Washington to the Supreme Council of

Europe, for to trust that body of venerable Machiavellis with power over the American people is to destroy the American Republic.

Permit me to invite attention to the striking similarity of the "British Plan" of 1926 to the British Plan of 1919. Indeed, I venture to characterize them as identical. For six successive years Banquo's Ghost (the exchange of German reparations securities for American gold) has appeared at the table of every international conference. This ghost will not be laid until the question is bluntly posed and answered. "Will the people of the United States relinquish half or more of their gold stock to Entente Europe for German reparation securities?"

I have on many occasions heretofore invited the Government's attention to the motives which, I believe, conceived the Versailles Treaty; how the armistice agreement provided for a peace settlement without penalties; how when within a month Germany had disarmed as an evidence of good faith the Supreme War Council repudiated the armistice agreement and disclosed to the Germans that they were to submit to exploitation as a conquered state; how the Germans resisted with all their energy; how as the only means of reducing them to submission their land frontiers were systematically closed and a naval blockade of the German Baltic Coast instituted and maintained with war rigor for more

than six months; and how when conquered by famine and hunger they signed the Treaty of Versailles in exchange for a promise of food and became bound, along with its other provisions, by the Reparations Clauses of the Treaty.

It was Germany's signature to these Reparations Clauses that the Supreme War Council sought, and it was this object that motivated the perfidious repudiation of the armistice agreement and explains the furtive food blockade after armistice and the esoteric quality of the Paris Peace Conference. It will be recalled that the Reparations Clauses provided for gold bonds payable to bearer and negotiable in the open market, and that the total amount, reduced from a larger figure, was finally fixed at \$33,000,000,000. The sale of the German gold bonds was to be pushed in the United States, and there was such an ample supply that notwithstanding an otherwise vast and favorable balance of trade in favor of the United States, enough of the bonds would be sold to cause the return to Europe of all the gold metal it had lost to America as a result of the war. This was the real wizardry by which the Supreme War Council intended to reestablish “the economic balance” between Europe and the United States not later than the end of 1920.

Needless to say, the acute “reparations problem” of post-war years would have been a preoccupation

exclusively of Washington. The new age of industrial well-being which 1923 ushered in for the United States would not have opened, and no fairyland would be rising on Florida's new *côte d'oreé*.

But history did not take this course. The United State Senate received the Treaty in July; a strong minority opposed ratification, and it was rejected in November. A new effort was made to obtain ratification and it was definitely rejected in 1920.

When artificial support was withdrawn from the European exchanges in the spring of 1919 they began to fall. As the Senate's opposition to the Treaty became more obvious they fell rapidly. After November the decline continued until the franc touched a low of four-and-one-half cents in April, 1920, and the pound reached \$3.40 in November.

Throughout 1919 and 1920 goods and materials were pouring into Europe from the United States where feverish business activity was in progress to meet the expected European demands. During these two years the balance of trade against Europe must have equalled that of the war years. It drained from Europe all the gold stocks it held at the end of the war: nearly two billion dollars in gold flowed into the United States from 1921 to 1923.

The Senate had overcome the Supreme War Council, as the Connecticut Yankee had overcome the wizardry of Merlin at King Arthur's Court.

The stoppage of the demand for goods, the evidences that Europe could not continue to pay, began to appear in 1920 and produced the prolonged economic crisis of 1920 and 1921 in the United States. It was not until 1922 that the truth began to break dimly in the United States that the Entente States were economically and financially bankrupt, although somewhat curiously it was not thought that this was true of Germany. The last of Europe's gold was flowing westward across the Atlantic, and Europe's credit in the United States was exhausted. It was at the Genoa Conference that Lloyd George said: “The trader won't go out in bad weather; he has had enough of it; he is drenched to the skin, and there is nowhere yet to dry his clothes.” It was on this occasion, too, that through the mouth of Lloyd George the Supreme War Council made its tardy confession, “If all the moveable wealth of Europe had been gathered together and set on fire, the result could scarcely have been different.”

By 1922 the false psychology of victory was dissipated among the masses, and a sense of grim realities brought the lowered morale to which reference is made above and which continues to spread in Europe today.

I believe that the right policy for the United States would have been a declaration in 1921 that it recognized no rights as against Germany except

those which were created by the Armistice Agreement of November 11, 1918, and that a violation of armistice cannot subsequently be made the basis of legal rights. This would probably have compelled a substantial cancellation of the absurd reparations clauses of the Treaty of Versailles, and an honest liquidation of the dishonest French financial structure. A basis for decent international relations and for real reconstruction in Europe would have been laid. There would be fewer skeptics today when the assertion is made that international, as well as private relations of men, must be based upon good faith and not force, and that war is crime.

This policy, however, was not adopted. The Government sought to follow the expression of public opinion, and public opinion became the prey of determined propaganda inspired from Europe.

The result was that in the New Haven Address of 1922 it was declared on behalf of the United States that Germany should be required to pay "all that she is capable of paying." The American delegation at the meeting of the International Chamber of Commerce at Rome joined in a resolution reiterating this declaration. The destructive policy of aggression of Poincaré and the bloc national in 1923, with its insane invasion of the Ruhr, followed. Germany plunged headlong down hill, dragging France and Britain with her. The United States had, in

effect, given tentative endorsement to the reparations clauses of the Versailles Treaty, and stimulated and encouraged the hope of the Supreme War Council that the German reparations securities might yet be sold in America.

But by this time the French financial crisis growing ever more acute was becoming a matter of public knowledge. The scandalously dishonest concealment of the magnitude of Governmental borrowings was becoming known in Washington.

Lest this appear harsh language to use about the French financial methods I quote in the French, in order that its meaning may not be varied in translation, a paragraph from an article by Germain Martin in the *Revue de Paris* for January, 1926:

“Quand on examine, sans parti pris, mais sans faiblesse, le problème de l'équilibre budgétaire, on abatit à la constatation qu'un système soutenu de camouflage de notre véritable situation a empêché l'étranger de connaître exactement l'étendue de notre charges. Et de toute bonne foi, on s'est mépris aux États-Unis, sur nos véritable capacité de paiement.”

In the same number of this magazine M. Bérenger reveals that the total revenues of the Government amount to 32,000,000,000 francs a year, while the total of short-term securities presented during a single year for renewal or redemption is 120,000,000,000.

I think that there is no escape from the conclusion that the desperate financial policy of the French Government in 1919—to maintain a false façade of solvency, was predicated on the assumption that under the Reparations Clauses of the Treaty the indemnity gold bearer bonds would be disposed of in America in 1920 and that their proceeds would rehabilitate French finances. When the spacious plan failed, the French financiers had no alternative policy. They were caught in the tangled web which they had constructed and every move plunged them deeper into its enfolding strands.

The fall of the franc in the spring of 1923 when financial collapse was prevented only by the gold loan from New York, sobered French governmental and financial policy. The French consented to the reduction of the total amount of German indemnities, and international negotiations which resulted in the adoption of the Dawes Plan followed.

The Dawes Plan, like its predecessors, is based on the principle that Germany must pay “all that she is capable of paying.” It has been in operation one year, and the reparations experts are hopeful of its future usefulness, but it has introduced no new principle for the solution of Europe’s international troubles. It is only tolerated in Germany because it must be, and there is much dissatisfaction with it in England. Maynard Keynes “cannot share the

optimistic, peaceful tone of the report, and looks to the future with the greatest anxiety.” “The only way,” he says, “to maintain the Dawes Plan will be by the reduction in production costs in Germany by lowering wages. The chief activity of the Transfer Committee will be concentrated increasingly on lowering the living standard of German labor.”

Now in the year of Grace 1926 the “British Plan” is offered us—unobtrusively. And when we examine it we find that we have travelled in a circle for seven years and are back to the settlement of 1919 which is still unratified. The British Plan of 1919 failed because ratification by the Senate was a condition of its adoption; the British Plan of 1926 requires nothing more than that the State Department sanction the sale of some German railway bonds to the American investing public. It is identical in character with the Versailles Treaty which the United States rejected. I have addressed many communications to the War and State Departments in which I endeavored to analyze the meaning of that document and whatever I said in those communications is equally applicable to “The British Plan.”

The only advantage I can see in the “British Plan” is that Banquo’s ghost which has stalked for seven years would be laid. We would have exchanged our gold for the paper of German repara-

tion gold bonds and become the sole recipient of what can be gotten out of German reparations by sweating German labor. Another and a better way to exorcise Banquo's ghost is to reject the "British Plan" and reaffirm the terms of the armistice agreement as the only settlement out of which property rights can legitimately be claimed by anybody.

There are far-reaching implications concerning sovereignty and major strategy involved in the consideration of these questions. Therefore I have not thought it amiss to address this communication to you, for whatever use you may care to make of it.

Very respectfully,

Since this rendezvous of the reparations Triumverate at the end of 1925 in Washington the trend of international developments has become extremely difficult for anyone not concerned in furthering the plans to follow. With the problem "taken out of politics" governments and news agencies are absolved from the duty of releasing information to the public which has now become a part of confidential and "pending" negotiations. This attitude becomes indistinguishable from a policy of secrecy. The rendezvous in Washington in 1925, upon which this letter comments, is not a matter of common knowledge. The press in general gave no inkling of the vast import of the proposals there made. The lone press

dispatch to which I refer was evidently in the nature of a personal “scoop” for the journalist who was lucky enough to elicit from some reluctant or indiscreet source a few words that flooded a dark subject with light. He learned that Executive approval was being sought for the posting of successive tranches of the Dawes Plan bonds upon the securities market of this Country.

The stock market was rising rapidly about this time and the rise was stimulated in anticipation of the hoped-for posting of the German indemnity bonds. (If hundreds of millions, ultimately billions, of American dollars went across the Atlantic in payment of Dawes Plan bonds, this would enormously stimulate Europe’s buying power in the American markets and—until the money was spent, greatly stimulate America’s transatlantic trade and, for the time being, increase America’s industrial activity. The speculative rise in stocks in 1926, therefore, was in anticipation of favorable action at Washington.

The proposals of Mr. Montagu Norman and his colleagues were taken into consideration, but they received no answer before their departure.

Only a word of affirmation from the Chief Executive—a permissive nod, was needed to set this stupendous financial readjustment into operation—a movement as slight as when a finger touches an electric button starting ponderous machinery into motion many miles away.

Early in February the answer was given and was in the negative. It was followed immediately by a sudden and drastic collapse on the stock market—the first incipient panic of the post-war years, such a movement as, before the war, would have precipitated industrial stagnation upon the country. It lasted several weeks, and when it was over it was discovered that nobody outside of Wall Street knew that anything had happened there:

industry and business pursued their accustomed way, too busy with legitimate enterprise to be disturbed by the ups and downs of speculators. In the financial reviews that followed there was no agreement as to what caused the sudden recession; there was general agreement that nothing had happened to justify it.

There was not a word written informing the financial and industrial world that a well-matured movement to flood America with six billion dollars worth of German indemnity bonds had just been checked—by a nod of negation in the Executive Office at Washington.

“THE UNLIQUIDATED WAR.”

The connection between the major political movements in Europe in 1926, Locarno, Thoiry and the admission of Germany to the League of Nations, with the six billion dollar financial conspiracy against the American public is exceedingly close but far from obvious to public opinion.

These developments in Europe as interpreted in the American press appear as a spontaneous *rap-prochement* of the great hostile states who fought each other in the War: at Locarno and Thoiry war hatreds and international fears and suspicions were forsworn and were replaced by confidence and goodwill.

As a matter of fact, the cardinal motive of European policy after the inception of the Dawes Plan was to bring about the final step that would make it effective, the sale of the bonds; and all policies converged to that end. In 1925 the American investing public had small confidence in the political stability of Europe; it could not be asked by the bankers to buy German indemnity bonds until this opinion was changed. This fact confronted Messrs. Norman, Schacht and Gilbert when in Washington in 1925.

Therefore, the European program of 1926 was to do something which would convince America that peace had come, and consequently that investments might be safely made.

The Thoiry meeting in September finally effected an agreement which Germany had theretofore resisted, that the Dawes Plan gold mark bonds should be changed into gold dollar bonds and sold in America. Allies and enemy Germans were now united at last in a pan-European policy for their mutual financial salvation. As in 1919 America was being kept in the dark, for not a word telling the terms of this agreement was published in the American press. Columns were, however, filled with the Thoiry story of Franco-German reconciliation and the mutual affection displayed by Briand and Stresemann; a picture of the spontaneous triumph of the better impulses of human nature.

Not an instant was lost by the Foreign Offices. No sooner was the Thoiry agreement sealed in September than the foreign offices, acting in concert, launched a diplomatic drive upon the White House in Washington. Profound diplomatic secrecy was maintained; the press did not carry the news. This time, not the triumvirate of super-financiers who had beleaguered Washington in 1925, but the sovereign states of France and Belgium (with Britain discreetly in the background), demanded of President Coolidge that he permit the bankers to post the Dawes Plan bonds—now a safe investment for the American buyer. As in 1925, only a slight Executive nod was needed, a physical movement as trivial as the pressing of an electric button. This was at the end of September.

It so happened that my manuscript “The Unliquidated War” was just finished, and it contained matter of importance concerning these things. I handed it to the Secretary of War on October 4. Its contents may have been considered in the negotiations then pending. They may also have been ignored. The momentous decision came about that time; again it was in the negative and there was gloom in the Foreign Offices.

The effect in Wall Street was instantaneous. The market which had been rising steadily during the summer suddenly took a downward plunge. Day after day through October quotations fell with startling rapidity and the entire list was drawn in. The fall in stocks exceeded that in the preceding February and constituted the most drastic collapse in the history of Wall Street. But neither financial panic nor industrial depression followed. As in February, American business and industry went on their accustomed way unterrified. At the end of October there was recovery, and values proceeded to rise once more.

As in February, too, the cause of the collapse remained an unsolved mystery; there were as many causes ascribed as there were reviewers, but few opinions agreed. I noted with some interest one paragraph in a financial dispatch to the Washington Post: “Speculative circles have been made very apprehensive by a startling and obviously incorrect analysis of international financial relationships that

has been made." Except for this paragraph there was nothing which connected the sudden developments in Wall Street with the Thoiry agreement and the defeat of the diplomatic drive just made upon Washington, or with the idea of German reparations at all.

SUPPRESSION OF FOREIGN NEWS BY THE PRESS.

January 2, 1927.

DEAR MR. PRESIDENT:

Early in 1924 when I felt that further analysis of our European relations could not be made without also considering domestic politics I prepared a memorandum which I took to the Assistant Chief of Staff, G2 (Colonel Naylor), and told him that I felt some embarrassment about the propriety of handing it to him officially although I felt that it might interest the Secretary. He took it to Mr. Weeks and later informed me that the Secretary had read it with much interest, and suggested that in future I take my communications directly to the Secretary. From time to time thereafter until Secretary Weeks left the Department I was in personal communication with him.

I am taking the liberty now of addressing this communication to you because I believe that its subject-matter is of sufficient importance to go to you direct and may be not without interest.

Europe does not accept the financial liquidation of the war which was substantially effected by the end of 1922. The primary intention of the European negotiators of the Treaty of Versailles was a general pooling of American with European resources.

I think I have brought out in *Lex Talionis* which I published in 1922 that the Wilson peace agreement

which brought the fighting to an end bound all parties to a peace without indemnities. Andre Tardieu disclosed in an article in the French press in October, 1920 (Sen. Doc. 86, 67th Cong., 2nd Ses.) that the principle of "financial unity" was pressed during the Peace Conference and the pooling of the finances of the Allied and Associated Nations urged; and that this demand was rejected by the American Treasury. The explanation of the fantastic figures of the German indemnity ultimately imposed and provided for under the Treaty of Versailles is that the Europeans were undertaking to bring about the same results in an indirect way by trading the right to collect the indemnity for the American gold stock.

In the manuscript which I tentatively called *Wicked Europe* and which I handed to the Secretary of War for examination last October I traced the reparations developments to the date of the Dawes Plan and endeavored to disclose the intent of the European statesmen to effect the sale of German indemnity bonds on a vast scale to private holders in the United States and to show that the plans to this end were being prosecuted in a particularly discreet and surreptitious manner.

I regard the régime under the Dawes Plan as substantially an inheritance which has come to you out of the policies of former Secretary Hughes under which the great unsettled question between Europe and the United States has been begged. The decision which your predecessors should have made still

remains open after seven years and now lies in your hands.

I rejoice, as all patriotic Americans who are properly informed must rejoice, in the action you took last October in declining to permit the sale of the German indemnity railway bonds on the American investment market. But that action is looked upon by the financiers and the foreign Governments concerned as but a temporary set-back to their plans. No matter what Executive resistance they encounter they will continue to entertain the expectation of success provided public opinion does not become informed of the nature of the transaction. This plan is now the common and cardinal policy in Europe, and about it the international politics of the coming decade are likely to center. Its implications are no less far-reaching today than they were in 1919.

Let me briefly advert to developments since the Dawes Plan went into effect.

After the visits of Messrs. Norman, Schacht and Gilbert to Washington when permission for the sale here of the German railway and industrial bonds was urged, the year 1926 opened with a spectacular rise in the American stock market. This boosting of stocks was in anticipation of favorable action in Washington upon the request of the European financial wizards.

The sale of successive five hundred million dollar blocks of the indemnity bonds, mounting ultimately to two to four billion dollars would result in the

transfer to Europe of half the gold stock of the United States. Europe would rapidly develop a vast purchasing power as a result of the acquisition of billions of dollars in real money. Transatlantic trade would be proportionately stimulated and American industrial values would rise. The bull market was logical therefore provided the sale of the German bonds was actually permitted.

When in February the White House made its wise decision against the European demand, the artificially high stock market collapsed and the drastic decline of several weeks followed. How artificial the movement of stocks had been was shown in the fact that the collapse had not the slightest effect upon the great industrial prosperity of the country.

But the ill-success of the foreign financial wizards at Washington checked action only for a very short time. It did not result in the abandonment of the European purpose and of the purpose of the New York bankers associated with it. To transform the distrust of American public opinion in the political and therefore the industrial stability of Europe into a feeling of confidence which would permit the sale of the indemnity bonds in the United States, the colorful and pleasing reconciliation at Locarno had been effected. Germany's admission to the League of Nations followed in September—and the stage was set for another and more determined drive upon Washington. The matter was exigent because of the desperate need of the French Treasury for gold.

The Dawes Plan gold mark bonds could not be changed into dollar denominations without Germany's consent, nor would Germany align herself with the Entente against America without compensations; the evacuation of German territory and the cessation of aggressions against her were part of a farsighted understanding.

The pleasing scene of final reconciliation in the French Jura when the Foreign Ministers met at the way-side inn at Thoiry last September has been described everywhere in the American press. Its news value seems to have consisted in its heart interest, and the scene when Stresemann wept on Briand's shoulder has been feelingly described. I endeavor to show below what the American press did not tell about Thoiry.

Before discussing the Thoiry agreement further, however, let me review what immediately followed it here. The Supreme Council deemed the moment ripe (after Locarno and Germany's admission to the League) to knock again at the door of Washington, notwithstanding the rebuff of six months before.

The concerted diplomatic drive upon the White House therefore followed at the end of last September; again it was insisted that you permit the Wall Street bankers to float the German indemnity bonds upon the American market.

The condition of the stock market at this moment was precisely what it had been in the previous February after the visit of Norman and Schacht to

Washington. Notwithstanding the squeezing of the water which followed the White House veto in February, the stocks had risen again in the expectation that success would come soon. The rise continued throughout the summer, and in September there was the same sort of hilarious bull market that had characterized the opening of the year. This time those who pulled the strings believed that the White House would give way, for the fate of Europe was being moulded expressly to hang on the White House decision.

Again the diplomats received No for an answer—and with automatic precision the bottom dropped out of artificially inflated Wall Street. The liquidation was drastic and continued for weeks. As in the previous spring the stock collapse had not the slightest effect upon the stability of industry or upon American prosperity. It could not have, for the “new normal” which American business attained some years ago is not dependent upon foreign influences.

I am writing this, Mr. President, to tell you how little of these facts are known to the public. I believe that a President who sets his face against this exploitation of the American people must have the support of an understanding public opinion if he is to prevail. The play of these forces in 1926 remains practically unknown even to men who regard themselves as well-informed. Only one special article last spring disclosed the European purpose, and

that was guardedly written. It had but little informative value. Again, after those fateful moments last October when European diplomacy held its breath to see what action you would take, the public press in this country gave no information of what had been at stake. A single special dispatch from Washington, which was otherwise obscure, stated that the White House was facing a decision of greater magnitude than any since the Treaty of Versailles.

Last March the Associated Press was in a position to make the entire issue plain to the American public. Last November there could have been no impropriety in discussing fully what was publicly known. The Associated Press did not have to ask the State Department for the facts, for they were of common knowledge in Europe as I show below, and accessible to American correspondents abroad. Yet not a word of discussion has ever been printed under Associated Press auspices or by the New York press.

Bankers in general, therefore, do not know the causes of the stock reverses of February and October. I have talked to my friends among the leading bankers in Washington and find that they are as ignorant as babies of the plan behind the Thoiry meeting for the sale of the indemnity bonds here.

In contrast to the silence of the press here there has been full publicity in Europe. Let me illustrate.

In a single number of the Fortnightly Review

(English) for November, 1926, there are three frank discussions of the Thoiry meeting: "The Meeting at Thoiry" by Hugh F. Spender, "Franco-German Settlement" by "Augur," and "The Franco-German Negotiations" by John Bell.

In the course of his article Mr. Spender says:

"What is being discussed behind the scenes is a settlement of all outstanding questions between France and Germany which will facilitate the payment of inter-allied debts. In this connection America comes into the picture, for until the European debts to the United States are settled there will be no real economic progress in Europe. * * *

There is the further difficulty that if the German Government is to pay the necessary price for the evacuation of the Rhineland on which Herr Stresemann laid so much stress in his conversation with M. Briand at Thoiry, *America must find the necessary money* for the flotation of German railway bonds, for no other country can do so."

Mr. Spender states that the German reparations and the French debt to America were both discussed, and concludes that if the bonds could be capitalized at an amount to give France the credit which she needs for the stabilization of the franc "the political situation would be so much improved that the military occupation would probably melt away like snow in the sunshine of Locarno."

"Augur" begins with the information:

“At the instance of M. Poincaré the French Government decided first of all to explore the possibilities of marketing the railway bonds in the United States the latter being the *only country* which can absorb foreign securities in large quantities.”

He tells of the diplomatic approach to Washington and how Britain discreetly held back, but declares that Britain must adhere to the Franco-German entente, concluding:

“We are perhaps on the road to that unified front without which the pernicious problem of inter-allied and war debts cannot be successfully solved.”

Mr. Bell says:

“Germany is prepared to put on the market the railway bonds for eleven billions of gold marks and industrial bonds for five billion gold marks mentioned in the Dawes Plan. * * *”

The Reparation Commission next year will receive 950 million gold marks. The idea appears to be to mobilize this sum; in other words to ask the Reparation Commission to sell the bonds for eleven milliards of gold marks in sections; putting them on the market like any other security. * * *”

“A start is to be made by putting two billions on the market, and it seems to be taken for granted that it would not be a difficult matter to absorb bonds of that amount, since the interest could be taken from the total annual sum

paid by Germany for reparations. France would obtain a billion gold francs. * * * The advantage to France would increase as more bonds were put on the market, but the question is whether they could be taken up at short intervals." * * *

"If European reconstruction is to be effective all the nations must participate in it, otherwise birth will be given to rivalries as dangerous as those promoted by competing armaments."

In editorial comment the *Revue de Deux Mondes* for November (page 477) tells us a good deal:

"If we wish to escape once for all the German payments which depend always on Germany's economic and financial situation and the balance of its trade, we have the means, provided the trustee of the obligations and the Agent General of payments consent to capitalize at once a part of the German debt and mobilize part of the railway and industrial obligations. This action does not depend in any way upon Germany but only on the good-will of foreign markets and the decision of Mr. Parker Gilbert. We have to make no concessions to Germany in exchange."

"Part of the German debt would thus be commercialized and it would become definitely more difficult for the Reich to elude its engagements.

Finally it is obvious that it is neither moral, normal nor useful for the Americans that through the long years masses of gold should go to increase the stock, already too heavy, that the war left to the United States * * * *It is to*

the United States that we must look for the placing of reparation bonds and the stabilization of the franc.”

L'Europe Nouvelle has contained equally frank discussions, as have numerous other European publications. The moat of the Atlantic is indeed broad when the voice of public discussion in Europe can be raised so high on such a subject without being heard in the United States. In this respect the barrier of the Atlantic does not seem to serve us as well as it does in war.

American correspondents in Europe are alert and quick to see news values. In the absence of special instructions the Thoiry plan is precisely such news as they would send in full. The conclusion cannot be escaped that they were either under special instructions in regard to it, or that dispatches forwarded by them were consigned to the waste basket by the journalistic seats of the mighty. The procedure indicates that the American public is to be kept in ignorance of what all intelligent Europeans know, and that when the resistance of the White House is broken down “German Railway Bonds” will appear in successive offerings in Wall Street which are indistinguishable from numerous German non-indemnity bonds that are now being sold; the investing public will buy them without any comprehension of their political significance.

If the Thoiry plan is carried out momentous changes in political relationships, undesired today

by the people, will follow, and no condition of suppressed publicity should be allowed to prevail now under cover of which such a vast transaction could be effected by powerful interests serving foreign intrigue, surreptitiously, silently and without arousing popular apprehension.

So long as the White House stands firm against this purpose the interests of the nation are protected, but if you were succeeded by a man who could be influenced by foreign and international financial interests, the Thoiry conception might easily be made a reality, and a profound and fatal revolution in American institutions accomplished almost over night. One, two, perhaps four billion dollars in gold would flow back to Europe. American industry would slow down and business languish for lack of gold currency. As the German bonds steadily fell in value Washington would be harrassed perpetually to bring pressure upon Germany to pay. Inextricably entangled in Europe, our institutions would undergo radical change and there would be a vast accession of European influence within our gates.

An ironical paradox would make its appearance: No sooner had the sale of the German indemnity bonds in America been completed and billions in gold collected, transported across the Atlantic, and deposited securely in Entente treasuries, than the Entente Governments would manifest support of Germany in a purpose to repudiate the indemnity bonds on the ground that the imposition of the indemnity

originally was wrong, illegal and immoral; and the World Court would probably so affirm.

Undoubtedly the imposition of the indemnities was illegal originally and the Treaty of Versailles fraudulently procured. It would be better that this question be raised before the Thoiry Plan is executed, rather than to permit the American People to live in a fool's paradise in which the sale of German indemnity bonds goes merrily on.

Thoiry marked the day when Germany definitely subordinated her anti-Entente and pro-American tendency, and aligned herself squarely with the Entente States in an anti-American policy. Following Thoiry's success, united Europe, its sinews stiffened with its recovered gold, would probably court war with the United States, to free itself entirely from American debts and American rivalry.

These or similar developments would all be made possible because in 1926 the press throughout the Country had remained silent at a time when public discussion of the Thoiry scheme and a simple statement of its purpose would have challenged the attention of the people and put them on their guard.

The Thoiry philosophy visualizes the people of America as clowns and suckers. It is based upon the hard and heartless European view of human relationships which since the days of Machiavelli and the Sieur Montaigne has made perfidy and bad faith the ornaments of international statesmanship. But the American people cannot be placed in the position of

the jackass following the bundle of hay except by suppressing the information that they are legitimately entitled to have. If such articles as those of Hugh Spender, "Augur" and John Bell were quoted broadly in the American press, original and full discussion would follow. Afterwards, if the people spent billions in gold for German indemnity bonds they might fairly be classified with the jackass that follows the bundle of hay. Future Europe with its Machiavellian and Montaignesque tradition might legitimately have its laugh.

But if, for purposes of high finance, legitimate channels of information were closed to them, if they were induced to part with their gold under suppression or misrepresentation of the facts, then they could not be classed as jackasses. They would simply be average people who had been cheated and swindled on a colossal scale, betrayed by the press which served them.

If understanding of the Thoiry issue remains locked in a few breasts the White House will someday be compelled to yield to Europe. Only a nod of the head is needed, and while the people sleep the great financial machine will surely and silently make Thoiry a reality.

In order to confound the Thoiry purpose the White House must have the support of an understanding public opinion. In this obscure game the White House cannot play a lone hand and hope to win. Two Presidents sought to do so and failed.

If an inquiry were made of the Washington correspondents why their papers ignored the public discussions in Europe of the purposes of the Thoiry agreement, I do not see how they could refuse to take the hint. There is no possible impropriety in such a discussion; European governments have publicly announced their purposes there, and they could not object to publication here. The news is in the public prints in Europe; the American correspondents need but to summarize it for the information of American readers. It would become a subject of broad discussion here, the people would become familiar with the real issue, and the White House would then be enabled to publicly state its position. Fate today broods over the destiny of the Republic which is wrapped closely in the events of Thoiry, and the press must break its silence if the foreign influence is not to have its way. In facing this issue the President ought to have the support of the people.

Respectfully.

To the President.

Knowing the magnitude of the international financial conspiracy which took definite form at Thoiry I gave special attention to the daily and periodical press in England and France in the months immediately follow-

ing, to see how much might be publicly revealed there. (I use the word "conspiracy" advisedly, and I think justly, because political purposes lie behind and control the financial phase; these purposes are or may be against the interests of the American people and are being furthered behind a curtain of secrecy.)

To my surprise I found numerous articles in the type of journal read by the more intelligent classes in Europe which discreetly revealed the whole purpose of the Thoiry meeting and the agreement there reached. They openly revealed that France was to withdraw her troops from the Rhine and abandon the pin-pricking policy, Germany to agree to the change of the Dawes Plan bonds from gold mark bonds to gold dollar bonds and to their sale on the American market. The proceeds were to go into Entente treasuries, and particularly for the rehabilitation of the French franc. All the articles agreed that the only market for the bonds was in the United States.

Thereupon an extraordinary political phenomenon presented itself—a contrast and a paradox of striking magnitude. This plan was not disclosed by the press in the United States! Nowhere, in newspapers or periodical magazines, many of them filled with discussions of less important international matters, has the results of the Thoiry meeting been told or the agreements there reached stated or discussed.

The American public, therefore, has remained in ignorance of international developments which concern American interests primarily and profoundly, and which are known to all intelligent classes in all the states of Europe. In the presence of this fact it is scarcely possible to reject the conclusion that American news agencies have been suborned to conceal what is legitimate and most important public information.

The motive for suppressing the information in America is understandable. Full information might result in the

crystallization of public opinion against the plan. Discussion would reveal clearly that the bonds were War penalty bonds, it would cause an adequate scrutiny of the German capacity to pay annuities, and it would reveal the fact that the United States, after exporting billions in gold for the purchase of the bonds, would emerge as the sole recipient of an annual money tribute from a conquered nation, and deeply involved in European politics.

I had never before seen proof of the deliberate suppression of important foreign information by the American press. The gravity of the implications growing out of the suppression of news in this case seemed to me to justify bringing it to the attention of the President himself.

CONCLUSION.

AFTER 1924 when the Dawes Plan was put into operation Germany became the recipient of enormous loans from America made to banks, municipalities and industrial companies, thus sharing in the billions which American private finance was now pouring into Europe. It has been these billions in American credit that has enabled Europe to establish whatever exists of post-war enterprise.

Through the enormous loans to Germany the Dawes Plan has been made to subserve a different purpose from that which was the ostensible purpose at its inception. Its ostensible purpose in 1924 was to create a flow of payments in gold and in kind to Germany's creditors, and the gold loan of two hundred million dollars to the Reichsbank was to enable Germany to create a stable currency, which was essential to bring that result about.

How large the annuities might have been if vast additional credits had not been given annually since 1924 there is no means of knowing, but they would certainly have been very small. With the aid, however, of these lavish additional loans Germany has been meeting the annuities demanded under the Dawes Plan, but largely in kind and not in cash. The net result, therefore, of three years of the Dawes Plan is that it has caused very much more real money to flow into Germany than it has caused to

flow out. Without a continuous influx of American dollars there can be no reparations except in kind, for the German trade balance remains adverse.

The successive annual reports, however, upon the operation of the Dawes Plan have been optimistic and have been made the basis of widely-spread claims in America that Germany is paying and can continue to pay interest and sinking fund upon the six billion dollars worth of Dawes Plan railway and industrial indemnity bonds. Inasmuch as the Treaty of Versailles provides that the Entente Governments may commercialize these bonds, the next step, naturally, is the posting of the bonds upon the investment markets.

The Supreme Council therefore, pursues today undeviatingly the policy which inspired the Treaty of Versailles—the comprehensive transference of American stored-up wealth to Europe in exchange for the right to collect the war indemnity from Germany over a period of forty years. Europe's *asset* is again offered upon the American market—ten years after the close of the war.

Locarno seemed to assure to the American investor a stable political status-quo upon the Rhine, and upon the strength of this happy development Messrs. Norman, Schacht and Gilbert made their unobtrusive pilgrimage to Washington to suggest that without the formality of public governmental action the Dawes Plan bonds be unostentatiously posted in Wall Street. Unsuccessful for the moment,

but not discouraged, they returned to Europe and consummated the Franco-German entente-cordiale at Thoiry in 1926.

In Europe the stage was now set to the last detail, and the enlightened European public were let into the secret by discreet publicists like Mr. Bell, Mr. Spender and "Augur". The success of the plan now waited only on action in America. But there was a strange reluctance and hesitancy to include the American public in these confidences. The terms of the Thoiry agreement remained wholly undisclosed in the United States throughout the year 1927.

1927 was a year of low visibility over the sea of international finance; there was much international negotiation which it would have been deemed premature to disclose. About the first of July it became known that Messrs. Norman and Schacht would arrive shortly in New York to consult with officials of the Federal Reserve System. Monsieur Rist, of the Bank of France had already arrived. It appears that Messrs. Norman and Schacht did not court publicity as they had embarked on the "Majestic" under false names and their baggage had no initials or distinguishing marks. Nevertheless certain enterprising representatives of the press were at the dock to greet them. But little information for the public could be obtained about the purposes of this international financial conference: Republican America was being made aware that open covenants in high finance cannot be arrived at openly. Yet ob-

servers not wholly ignorant of Dawes Plan developments were inquisitive, and after the conference had been proceeding for some days their curiosity was rewarded with this public announcement: "There has been, and there will be, no discussion of German reparations or of any question connected with that subject".

So the year 1927 closes with a paradox. In Europe everybody knows (and has known since 1926) that the "British Plan", the "Bankers' Plan", the "Baruch Plan", the "Levinson Plan"—call it what you choose, has at last solved the insoluble difficulties of the German reparations problem, and that six billion dollars worth of Dawes Plan indemnity bonds are to be sold on the American investment market; but in the United States, German reparations remain a purely European matter, something to be settled solely between Europeans, and which is not and cannot be a matter involving American interests. It is not in the thought of the American investor to buy for six billions the right to collect German indemnities for a period of forty years. Herein lies the paradox. The peoples of Europe were taken into the confidence of their governments as long ago as Thoiry but the American people have remained outside of these confidences. In Europe they say: "The German reparations question was settled at Thoiry; America will buy the bonds." In the United States they say: "The German reparations question remains unsolved; it is a purely European problem."

Prophesy is unreliable, and the unrolling of the scroll of the future years must be awaited to learn the dispositions of the Supreme Council. In 1927 indecision and caution have palsied its hand; its reluctance to let the American investing public know of the broad opportunity that lies before it in Europe continues, and its resolution seems to be sicklied o'er with the pale cast of thought.

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